



# Leadership in Times of **CRISIS**

**A Toolkit for Economic Recovery and Resiliency**

**March 2015**



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The International Economic Development Council (IEDC) is the world's largest membership organization serving the economic development profession with over 4,500 members and a network of over 25,000 economic development professionals and allies. From public to private, rural to urban, and local to international, our members represent the entire range of economic development experience. Through a range of services including conferences, training courses, webinars, publications, research, and technical assistance efforts we strive to provide practical economic development advice and solutions to the economic development community and its stakeholders. For more information about IEDC, please visit [www.iedconline.org](http://www.iedconline.org).

### RestoreYourEconomy.org



With funding from the U.S. Economic Development Administration, IEDC has developed a website, [www.restoreyoureconomy.org](http://www.restoreyoureconomy.org), devoted to disaster preparedness and post-disaster economic recovery. The website's purpose is to disseminate economic recovery information such as best practice knowledge, training resources, events and news items to economic development practitioners. The site presents critical issues and challenges, highlights lessons learned in response and recovery processes, and suggests resources and best practices to use in restoring the local economy after a disaster. The site also provides an opportunity to network with other communities to share.



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# TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>Chapter I: Introduction.....</b>   | <b>8</b>  |
| Overview.....   | 8         |
| Economic Development Challenges and Issues with Disasters.....                          | 9         |
| Role of EDOs and Chambers Following a Disaster.....                                     | 14        |
| Summary.....  | 16        |
| <b>Chapter II: Disaster Risk Management .....</b>                                       | <b>17</b> |
| Trends and Impacts .....  | 17        |
| Types of Disasters and Their Impacts.....   | 19        |
| Phases of a Disaster.....   | 21        |
| Disaster Declaration .....  | 26        |
| Local Responsibility in Response & Recovery.....  | 30        |
| <b>Chapter III: Disaster Preparation Measures- Building Capacity for Recovery .....</b> | <b>33</b> |
| Introduction.....   | 33        |
| Business Continuity Planning.....   | 34        |
| Engaging the Business Community in Disaster Preparedness.....                           | 41        |
| Business Continuity Training for Small Businesses.....                                  | 45        |
| Disaster Planning for Economic Recovery .....   | 52        |
| Communications before a Disaster: Getting Organized for a Major Incident.....           | 52        |
| Additional Helpful Resources and Examples .....   | 54        |
| <b>Chapter IV: Small Business Assistance Chapter.....</b>                               | <b>55</b> |
| Overview.....   | 55        |
| Implementing an Effective Post-Disaster Business Assistance Model .....                 | 56        |
| Establishing a Business Recovery One-Stop Center for Business Assistance .....          | 58        |
| Financing for Small Businesses .....  | 68        |
| Federal Sources for Small Business Financing .....                                      | 73        |
| Delivering Technical Advice and Counseling to Impacted Businesses .....                 | 77        |
| <b>Chapter V: Business Retention and Expansion Before and After a Disaster.....</b>     | <b>80</b> |
| Introduction.....   | 80        |
| Business Retention and Expansion .....  | 81        |
| BRE: Disaster Preparedness & Resiliency .....   | 81        |
| Strategies for Retaining Businesses after a Disaster .....                              | 85        |
| Summary.....  | 94        |



|  |            |
|--|------------|
| Additional Helpful Resources and Examples .....                                  | 94         |
| <b>Chapter VI: Assessing the Economic Impacts of a Major Disaster .....</b>      | <b>96</b>  |
| Overview .....   | 96         |
| Challenges in Conducting a Study .....   | 101        |
| Timing the Analysis Process.....   | 103        |
| The Process of Conducting Post-disaster Economic Impact Studies .....            | 104        |
| Advice on Hiring a Consultant .....  | 112        |
| Conclusion .....   | 114        |
| <b>Chapter VII: Crisis Communications .....</b>                                  | <b>117</b> |
| Overview.....  | 117        |
| Multiple Audiences in Crisis Communication .....                                 | 117        |
| Creating a Communication Strategy / Plan Before a Crisis .....                   | 119        |
| Maintaining Open Communication Channels.....                                     | 120        |
| Providing Timely Information and Dispelling Rumors.....                          | 122        |
| Unified Response in Communicating.....   | 126        |
| Establishing a Business Emergency Operations Center or Network .....             | 127        |
| Communication Strategies .....   | 129        |
| External Communication .....   | 135        |
| <b>Chapter VIII: Federal System .....</b>  | <b>140</b> |
| Things to Consider .....   | 140        |
| The Federal Response to Disasters.....   | 141        |
| Outreach and Advocacy.....   | 146        |
| The Federal Disaster Grant Making Process.....                                   | 147        |
| <b>Chapter IX: Strategic Planning for Disaster Recovery .....</b>                | <b>154</b> |
| Introduction.....  | 154        |
| Pre-Disaster Planning .....  | 155        |
| Post-Disaster Planning.....  | 163        |
| Additional Helpful Resources and Examples .....                                  | 169        |
| <b>Chapter X: Infrastructure &amp; Building Back Better.....</b>                 | <b>172</b> |
| Introduction.....  | 172        |
| Getting a Plan in Place.....   | 173        |
| Key Principles for Post-Disaster Redevelopment and Infrastructure Planning ..... | 174        |
| Conclusion .....   | 178        |
| <b>Chapter XI: Neighborhood Revitalization Post-Disaster .....</b>               | <b>179</b> |
| Introduction.....  | 179        |



|  |            |
|--|------------|
| Neighborhood Revitalization and Other Recovery Efforts .....   | 179        |
| Particular Challenges and Opportunities.....   | 180        |
| Getting Started - Mobilizing for Change.....   | 182        |
| Assessing Neighborhood Revitalization Needs .....  | 185        |
| Developing a Vision for Neighborhood Revitalization.....   | 189        |
| Potential Organizations to Drive Planning Strategies for Revitalization .....                          | 190        |
| Neighborhood Revitalization Plan – Short and/or Long Term .....  | 192        |
| Revitalization Opportunity Areas .....   | 194        |
| Communication Strategies .....   | 196        |
| Summary.....   | 198        |
| <b>Chapter XII: Economic Diversification after a Disaster .....</b>                                    | <b>199</b> |
| Overview.....  | 199        |
| Balancing the Recovery and Resilience Strategies .....   | 200        |
| Planning For Economic Diversification: Assessing the Region .....                                      | 206        |
| Take Action: Use Assessment to Develop Strategy .....  | 211        |
| Summary.....   | 223        |
| Resources.....   | 223        |
| <b>Case Study Appendix.....</b>  | <b>225</b> |
| Case Study 1: Joplin, MO: Setting Economic Development Priorities Before and After a Disaster .....    | 226        |
| Case Study 2: Building Capacity for Economic Recovery and Preparedness in Polk County, Florida.....    | 229        |
| Case Study 3: Addressing the Full Spectrum of Economic Recovery in Cedar Rapids after the 2008 Flood.. | 237        |
| Case Study 4: Building Back a More Resilient Community in Greensburg, Kansas .....                     | 246        |
| Case Study 5: Restoring Tourism Assets in Charleston, South Carolina after Hurricane Hugo (1989) ..... | 255        |
| Case Study 6: The Economic Recovery of Grand Forks Following the 1997 Red River Flood .....            | 257        |
| Case Study 7: Neighborhood Revitalization Post-Disaster, Czech Village / New Bohemia, Cedar Rapids, IA | 267        |
| Case Study 8: Beacon of Hope (BOH) Resource Center.....  | 270        |
| Case Study 9: Economic Diversification in the San Fernando Valley after the 1994 Northridge Earthquake | 274        |
| Case Study 10: Growing from within Post-Disaster: The St. Louis County Best Practice .....             | 278        |
| <b>Resources Appendix.....</b>   | <b>285</b> |
| Resource 1: OFB-EZ™ Toolkit .....  | 286        |
| Resource 2: Critical Business Functions.....   | 287        |
| Resource 3: Critical Supplies.....   | 289        |
| Resource 4: Voice / Data Communications .....  | 290        |
| Resource 5: Computer Equipment and Software.....   | 291        |
| Resource 6: Jefferson Parish Evacuation Re-Entry Plan .....  | 292        |



Resource 7: Business Recovery Center Model ..... 299

Resource 8: NYC Restoration Business Acceleration..... 299

Resource 9: Executive Pulse Disaster Questionnaire ..... 300

Resource 10: Synchronist Emergency Response Form..... 301

Resource 11: University of Wisconsin Disaster Survey ..... 302

Resource 12: SBA Emergency Communications Checklist ..... 303





# Chapter I: Introduction

## Overview

**“The pessimist sees difficulty in every opportunity. The optimist sees opportunity in every difficulty.”**

**Winston Churchill**

Economic developers serve as a vital bridge between the business community and the greater economic interests in the communities they serve. Many local, regional, and state governments turn to their publicly or privately funded economic development organizations and chambers of commerce (referred to throughout this toolkit as “EDOs”) to be the economic leaders, “deal makers,” and visionaries for attracting new investment and supporting existing businesses. In these roles, EDOs sometimes find themselves unexpectedly called to action when there is a natural or manmade disaster and businesses are suddenly impacted. In such instances, economic developers often find that so much of the hard work they have contributed to grow their economies can be reversed.

**With so much at stake, it is vitally important that EDOs build capability to serve their communities by leading resiliency and economic recovery efforts before and after disasters. This toolkit is intended to help you do this.**

Whether the risk posed to a community is natural (e.g. earthquakes, hurricanes, flood, tornados, fires) or manmade (e.g. crime, chemical spills, industrial accidents) or economic (e.g. decline or closure of a major business or industry, military base realignment or closure, etc), *every* community is vulnerable to disruptions at one time or another. These disruptions can not only wreak physical damage to infrastructure and structures, but they can cause a lasting decline in the economy.



**Damaged Home, Windsor, CO. Source: FEMA**

In disaster-impacted communities, EDOs are in a position to lead economic recovery efforts by helping local businesses respond to impacts on their employees, their facilities, their customers and supply networks. However, all too often, economic recovery efforts are plagued by reactionary activities rather than a planned and strategic response. The key to a more rapid recovery is to take steps ahead of time to ensure your organization can fulfill the needs of the community after any type of major incident. This toolkit will help you to set up a plan of action to be a resilient community, to respond more effectively to the economic aspects of disasters and to lead in efforts at recovery.



This chapter provides an overview of the potential economic impacts of a disaster and reviews how economic development practitioners can prepare for recovery. It discusses some critical disaster preparedness efforts and how even the smallest of actions can put your community in a better position to respond and shorten your community's recovery time. Finally, the chapter reviews essential initiatives to spur recovery in a local economy, including the development and implementation of a recovery plan, and efforts to communicate with and retain local businesses after a disaster occurs. This chapter highlights best practices from disaster-impacted communities that have successfully achieved recovery efforts.

## Economic Development Challenges and Issues with Disasters

All too often EDOs are thrust into uncharted waters after an incident impacts their community. They're often inundated with late night calls or emails from local officials or their membership with questions or requests. In the midst of all this, they often must manage the consequences of how the incident is impacting them and their staff. While the first responders are tasked with rescuing the injured and restoring lifeline infrastructures (e.g. water, power, communications, and transportation), the EDO and other local officials are left to lead the rebuilding process. There are, often, several core issues that tend to be common to many major disasters. Some of those issues are highlighted below to give the EDO some expectation of what could be "normal" and what factors to plan around.

### Overwhelmed with Communication Challenges

A breakdown in communication has been cited by local officials and community stakeholders as one of the most difficult barriers to overcome immediately following a major disaster. Communication challenges associated with the disruption of telecommunications and the spread of bad or wrong information can greatly impede the economic recovery process.

As a result, these challenges are often best expressed in terms of barriers caused by technological failure, message failure, and flow failure.

- Technological failure – physical damage to communications infrastructure can make previously accessible areas silent while temporary telephone lines and cell phone service is restored. Also, contact information for businesses or other community stakeholders could be linked with a number that would ring in a building that is inaccessible or destroyed.
- Message failure – challenges often abound to create consistent messages among many potential sources. Conflicting, confusing, or inaccurate information reported by word of mouth, social media, or mainstream media can exacerbate existing recovery challenges.
- Flow failure – when there are insufficient mechanisms (or no mechanism) to communicate business-sector needs/issues "upwards" to decision-makers and/or when restoration or recovery planning information fails to get communicated "downward" to the business community.

EDOs can devise a communications strategy ahead of time to address these problems. Some top issues to address are:

- Communication between local government and the local business community



- Communication between the EDO and local businesses
- Public relations and community image problems
- Potential conflicts between various economic recovery stakeholders

Perhaps the biggest contribution a proactive communication effort can make for a community's recovery is the introduction of credible and accurate information into the local marketplace. Oftentimes one of the biggest barriers that stall recovery efforts is the presence of uncertainty. Uncertainty about how the downtown corridor will be rebuilt and protected, uncertainty about whether or not the major employer will leave town, and uncertainty about when key infrastructures will be restored all stymie rebuilding. A proactive communication approach can help equip the business community with the *right* information to support *their* decision making process. The Crisis Communications chapter in this toolkit highlights the issues and recommends strategies that should be considered by EDOs.

### Organizational Capacity Issues

In the wake of a disaster, new realities emerge and a host of both opportunities and challenges present themselves to impacted markets. Local officials are often strained to understand what resources are now available to them, how existing resources can be adjusted, and how to manage new administrative requirements. Also, there can be concerns (and realities) of diminished tax revenues because of the disaster. This loss of cash flow for the local government can further constrain an already constrained organization to be responsive to increased demands for local leadership and engagement. Small jurisdictions are particularly vulnerable to basic operational challenges due to limited staff and budgets. Economic recovery plans and strategies are of little value to the public sector if there is no operational capacity to implement them.

In recent years, the hiring and designation of disaster recovery coordinators has become a mainstay of many local and regional governments. Typically funded by philanthropic or federal funds<sup>1</sup>, disaster recovery coordinators provide much needed capacity to allow the local official's staff to resume their "day jobs" and allow the coordinator to focus the needed attention on recovery and rebuilding efforts. These positions often become particularly critical for advancing long-term recovery initiatives which often need to persist for 2-4 years after the disaster.

### Assessing the Damage on Businesses and Economy

Disasters fundamentally change the social and economic makeup of impacted communities. A community that clearly understands what has been impacted after a major catastrophe and the new social, political, and economic environment is in a better position to make decisions that will spur recovery. The economic, social, and environmental impacts will also determine what resources are necessary for long-term recovery.

Even though FEMA will perform its own damage assessments after a major disaster, the community should seek to perform its own economic impact assessment. Data can become a powerful tool for local officials in

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<sup>1</sup> Funding from the US Economic Development Administration, US Department of Housing and Urban Development, and US Department of Labor have been known to provide assistance for these local positions.



advancing recovery efforts. Good data and analysis can suggest or predict likely impacts to the businesses and workforce in the community. They can also suggest areas to prioritize post-disaster recovery assistance and serve as more compelling argument for receiving additional outside assistance.

An economic impact study assesses both physical damage (properties, inventory, etc.) and economic damage to industry and the local/regional economy.

Below is a list of the various types of economic impacts that communities can expect and should measure:

- Tax revenue loss (e.g., sales, property, employment, etc.)
- Job loss and business relocation
- Loss of wages
- Business closures and interruption (e.g., loss of productivity)
- Damage to infrastructure (e.g., sewers, public transportation infrastructure, intermodal facilities, etc.)
- Damage to property (e.g., commercial, industrial, and residential)
- Damage to natural resources (e.g., water and crops)



Aerial view of Reservoir Road Fire. Source: FEMA

## Retention of Businesses from Large to Small

According to the Institute for Business and Home Safety (IBHS), at least one in four businesses will not re-open after a catastrophic event. This is due to a host of reasons, including the lack of working and long-term capital, being under-insured, damaged inventory and property, limited workforce options and a diminished customer base. Some businesses will close because they are unable to meet the new realities of a post-disaster business climate. These business closures can have devastating impacts on the local economy and the community's recovery, due to reduced employment and tax revenues as well as diminished business services.

An EDO's connections with the private sector are a key asset to recovery efforts. An established BRE program will supply intelligence about the current business climate in the community. An outreach effort following a disaster will help determine which critical businesses have been impacted, the aggregate damage on the local





business community, and where public and private resources can play a role in business recovery efforts. This outreach can be critical in retaining businesses and employment.

As a first step after a major disaster, an EDO should consider establishing a business recovery center to help local companies get the assistance they need to re-open or stay open. A business recovery center (BRC) serves as a one-stop shop to provide local, state, and federal resources to businesses after a catastrophic event. Case management is another service approach that provides a business with financial and technical assistance on its own turf. Whereas a BRC carries out disaster recovery functions through a centralized location (or several locations), the case management approach involves dispersing recovery staff to individual businesses. EDOs can provide other services to affected businesses, such as holding business workshops with representatives from various federal agencies (e.g., the IRS, SBA, and USDA) combined with local resources, such as tax and accounting professionals. These ideas are discussed in greater detail in the Small Business Assistance chapter.

Finally, EDOs and chambers of commerce should seek to provide relevant, timely information on response and recovery efforts through their business networks. While the establishment of a local hotline or an online portal is an effective use of technology to disseminate information, EDOs also should not discount the importance of canvassing when communication and power lines are out.

Local, state, and sometimes federal tax incentives related to property, equipment or investment can also be used as financing mechanisms to retain businesses that serve as major employers. By leveraging these resources, EDOs can help local businesses get the financing they need and reduce the chances of firms relocating or closing permanently.

The BRE chapter in this toolkit provides more details on business retention and expansion efforts before and after a disaster. This chapter also highlights many of the economic recovery challenges after a disaster strikes and provides both short-term and long-term strategies to spur recovery. Existing relationships with businesses are crucial during a disaster, as communication channels can become disrupted and chaotic. Local businesses are likely to call on your organization for guidance and direction. There are a number of resources, strategies and action steps that an EDO can take to assist local businesses in the recovery phase and to support efforts to move the local economy in a new, more positive direction.

### Specific Challenges for Small Businesses

Small businesses are often more financially vulnerable than large businesses in the wake of a disaster. Large businesses have significant resources and business continuity plans to draw on to continue their operations and remain financially viable, while small businesses typically lack these resources. Yet small businesses are the backbone of a local economy, providing essential items such as groceries, gas, childcare, and health services. Thus, EDOs and chambers need to provide additional assistance to small businesses, particularly in terms of capital and technical assistance needs.



After a disaster, small businesses may face the need for working capital to meet payroll, replace damaged inventory and equipment, and fund other operational costs. These funds are crucial to provide within the first month in order to get the business back up and running. As long-term recovery sets in, a small or medium-sized business may have to adjust to a changed local or regional market, and thus may need to reorient its product or service, train its workforce with new skills, find new customers, and seek out new vendors. Thus, short- and long-term financing mechanisms need to adapt to the specific, timely needs of businesses.

There is much that EDOs can do to help their small and medium-sized businesses secure financing and technical assistance. In the short term, small businesses need access to gap or bridge financing with low interest and flexible terms. This gap financing provides businesses with working capital until they can secure funds from other sources, such as insurance claims and other long-term financing sources. EDOs can help identify public and private sources for this bridge financing.



Evacuees after fires. Source: FEMA

Another role is to help establish a revolving loan fund (RLF) with federal funding, such as an EDA grant or HUD's CDBG program. The EDO should not seek to replace private financial sources, but should serve businesses that cannot access traditional sources of financing.

The Small Business Assistance chapter provides further details on the challenges small businesses face following a crisis and a key role that EDOs and chambers should play in helping them in the recovery process.

## Navigating the Federal System

The federal government is a significant resource for information and funding on disaster preparedness and post-disaster economic recovery. However, local economic recovery stakeholders are often challenged in understanding and making best use of the range of federal programs that are available. While the National Disaster Recovery Framework (NDRF) helps coordinate efforts among various federal agencies, there is still a need for the local community, in partnership with state representatives, to take a proactive stance in working with federal partners.

Even before a disaster strikes, local leaders should communicate with officials of federal agencies with jurisdiction over their regions to build relationships. Once a disaster strikes, it is incumbent upon local leaders to share how their community has been economically impacted. While regulations on the use of federal funds protect against waste, fraud, and abuse, each disaster impacts a community in different ways. Federal regulations may not always be as flexible as a community would like; however, the use of taxpayer dollars carries certain responsibilities. Exceptions and waivers for federal disaster programs have played an important role in bringing flexibility to respond to unique recovery challenges and fund important projects.



In order to make best use of federal assistance, communities will need to take the time to understand federal requirements for the use of federal funds, such as avoiding the Duplication of Benefits (DOB) associated with accepting funding from multiple federal agencies. Local communities will also need to make note of whether compliance will be performed at the state level or the local level.

### Issues with Lack of Federal Aid

Communities sometimes assume that the Federal Emergency Management Agency (FEMA) and other federal agencies are able to provide immediate support if the local economic base is severely damaged in a major catastrophe. It is important to know that not all community crises receive a presidential declaration, and therefore additional federal funding. In some cases, it may take a few weeks for a presidential declaration to be made. Manmade disasters like the Deepwater Horizon Oil Spill catastrophe in the Gulf Coast will not include a presidential declaration, but federal agencies are available to provide a certain amount of support to localities and states.

Even when federal resources are available, it is critical that localities – and most particularly EDOs – develop their own capacity to respond to and recover from a disaster. Economic development professionals often have the unique ability to coordinate involvement and leverage resources from the private sector. They are also likely to take a leadership role in facilitating job recovery and stabilizing the community's economic base after a disaster.

### Redevelopment

Engaging business leaders and other community stakeholders in a discussion on land-use issues and redevelopment priorities prior to a disaster enables the community to devote the proper time and resources to a sensitive topic. This may include holding workshops to develop a redevelopment plan that will protect and improve the community's economic base while increasing disaster resiliency. Several communities in the State of Florida have created these plans in advance of a disaster so that they are in a better response position.

Community and business leaders should also hold discussions on the appropriate building codes for their communities. Building codes may have a short-term impact of increasing construction costs, but they also create long-term benefits by making buildings more resilient to disasters. For more information and resources on disaster planning for redevelopment, see the Strategic Planning chapter in this toolkit.

## Role of EDOs and Chambers Following a Disaster

In many ways, economic developers are uniquely positioned to facilitate economic recovery initiatives after a disaster. After a catastrophic event, much of their work will be done in an environment of emotional and physical duress. The community may look to EDOs to lead the charge for local economic recovery whether your organization plans for this role or not. The illustration on the next page describes the various roles of economic developers in a normal environment as compared to potential additional responsibilities in the event of a



disaster. The activities and services provided by each organization depend upon the unique needs of each community.

| How the Roles of EDOs Are Impacted by Disaster |   |  |
|--|---|--|
|  | Normal Roles  | Roles in a Disaster  |
| <b>Analyst/<br/>Educator</b>                   | Understands strengths, weaknesses, and comparative advantages of local economy and local business climate.<br><br>Provides quantitative and qualitative information to decision-makers.     | <b>Before a Disaster</b><br>Seeks to understand vulnerabilities and risks to critical industries and businesses within the community.  |
|  | Keeps public officials and the general public adequately informed on costs and benefits of economic development initiatives.  | <b>After a Disaster</b><br>Develops and distributes a disaster business recovery guide and assesses physical damage and business interruption impacts to industries and businesses.<br><br>Facilitates the communication of accurate response and recovery information between local businesses and local government and communicates dual messages: "We are open for business" and "We need help and resources" to appropriate audiences. |
| <b>Visionary /<br/>Catalyst</b>                | Visionary leader who peers over the economic horizon to see what partnerships (both public and private) can be formed to stimulate working relationships in the future.                     | <b>Before a Disaster</b><br>Establishes an Economic Recovery Group to identify immediate and long-term recovery resources and strategies.  |
|  | Engages key stakeholders in visioning process to identify goals, strategies, and resources for economic development.  | <b>After a Disaster</b><br>Envisions how the community can build back to be stronger and more resilient.   |
|  | Provides incentives to leverage the investment or involvement of different public and private actors.   | <b>After a Disaster</b><br>Creates a strategic plan for economic recovery embraced by community.   |
|  | Invokes enthusiasm and excitement for catalyst projects that can change the community's future.   | <b>After a Disaster</b><br>Connects public/private resources for building back better.   |
| <b>Gap Filler</b>                              | Provides assistance where the private sector cannot or will not meet community and business needs.  | <b>After a Disaster</b><br>Conducts concerted BRE outreach to reconnect with businesses and identify at-risk companies.  |
|  | Leverages financing to facilitate enterprise development; assists existing businesses with expansion and works to attract new businesses.   | Assists with short- and long-term financing and business counseling, particularly for small and at-risk businesses and develops programs to support long-term recovery   |
| <b>Connector /<br/>Advocate</b>                | Serves as key liaison between public, private sectors and the community on economic development initiatives and works with chamber of commerce representatives to create a concise message. | <b>Before a Disaster</b><br>Seeks funding opportunities and garners input and support for recovery initiatives.<br><br><b>After a Disaster</b><br>Addresses impacts/shortcomings of community's emergency management plan from a business perspective.   |
|  | Speaks out for the well being of the community while protecting the interests of business.  | <b>Before a Disaster</b><br>Advocates mitigation and preparedness efforts among businesses for the possible next disaster.   |
|  | Coordinates activities, communication, and resources between different actors to facilitate business partnerships.  | <b>After a Disaster</b><br>Communicates local economic priorities and needs for policy changes to local, state and federal governments.  |





Much of the work that EDOs do on a daily basis will go into high gear after a disaster strikes. The following summary of short-term and long-term strategies has been identified both by economic recovery stakeholders in the field and IEDC disaster recovery teams.

### Short-term Strategies

- Marketing and communication (e.g., addressing brand damage)
- Economic development capacity/coordinated response (e.g., managing communications infrastructure)
- Small business assistance/access to capital (e.g., continuity plans)
- Business retention (e.g., performing outreach campaigns)
- Economic impact assessment and analysis
- Workforce development (e.g., connecting displaced workers)

### Long-term Strategies

Long-term strategies will need sustained support from multiple community stakeholders. The EDO should clearly define its role in long-term economic recovery initiatives from the start of the recovery process. A summary of long-term recovery strategies that should be considered post-disaster includes:

- Economic diversification (e.g., value-added industries)
- Economic development capacity/strategic planning (e.g., re-evaluating vision and mission)
- Small business development (e.g., economic gardening)
- Entrepreneurship support (e.g., technology transfer)
- Workforce development (e.g., customized curricula)
- Business retention, expansion, and attraction
- Marketing, communications, and infrastructure

When it comes to meeting with the media about economic recovery and the business community, a single spokesperson should be identified. This should ideally be someone from the lead economic development agency or a chamber of commerce. Speaking with one voice will help community stakeholders to avoid confusion, delays and disputes. This spokesperson must keep informed of the community's economic resiliency and revitalization efforts in order to communicate accurately and appropriately with the media.

## Summary

EDOs need to be prepared for the reality that their community may be vulnerable to some form of natural disaster or other form of crisis. This chapter has introduced key issues that will be addressed elsewhere in this toolkit. It has also explained why EDOs should play a leadership role in both disaster preparedness and the economic recovery process. Disaster preparation builds resiliency into the community. Without it, important community decisions are made under the duress caused by the crisis or disaster. Recommended preparation includes developing an economic recovery team to engage the private sector in important pre-disaster planning activities and working on a business continuity plan for your own organization.



# Chapter II: Disaster Risk Management

## Trends and Impacts

Over the past 50 years, the number of presidentially declared disasters in America has increased dramatically. Not only have disasters become more frequent, but their impacts have become more costly. With limited budgets, many communities and states have had difficulties responding to various types of crises.

Developments in the field of emergency management have brought forth several key assumptions and principles in disaster risk management. The first assumption is that the most immediate concern of local officials is to ensure public safety. Secondly, there is the expectation that as the size, scale, and complexity of an incident increases, so does the involvement of state and federal government support. Finally, that there is an expectation of local primacy to maintain the understanding that the priorities and decisions of the community carry priority. However, while the emergency management profession has grown and matured to realize these important principles, there also is a greater need for economic developers and the private sector to engage in this space. There exists an inextricable link between the consequences of disasters, the vitality of the local economy, and the opportunities for future business activity. When businesses are affected, jobs are lost and government revenues decline, these impacts can harm communities far longer than the disaster itself. This chapter provides an overview of disaster trends, types and impacts; the phases of the recovery process; and insights into the roles of various parties at the local, state and federal levels.

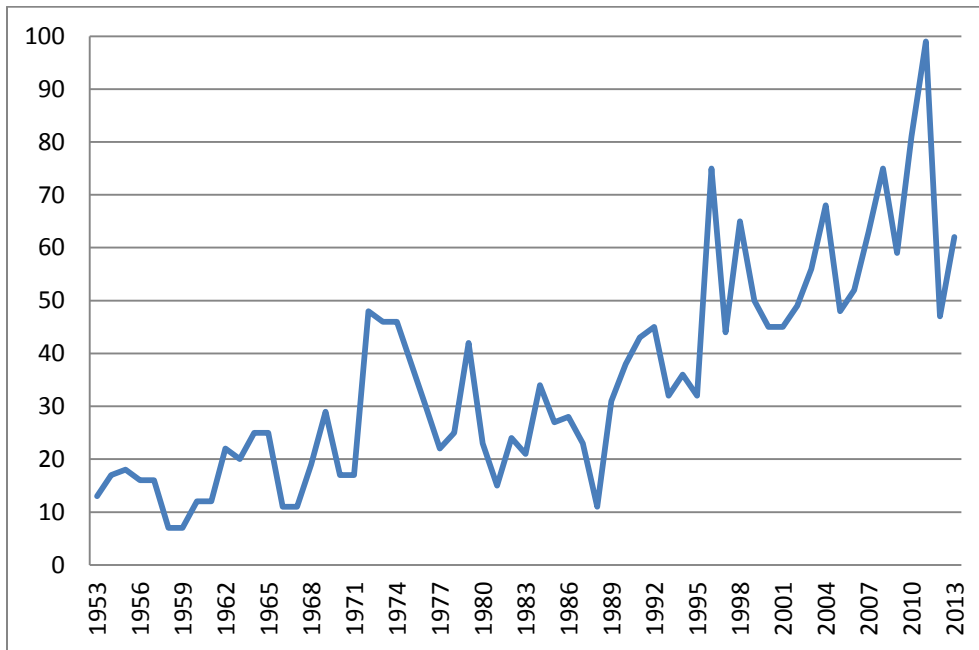
The National Oceanic and Atmospheric Administration (NOAA) reports that in recent years, there were an average of 12 disasters per year in the U.S. that caused more than \$1 billion in damage. Eleven of these disasters caused a combined \$110 billion in damage, making 2012 the second costliest year after 2005 (due to Hurricane Katrina).<sup>2</sup>

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<sup>2</sup> National Oceanic and Atmospheric Administration (n.d). *Billion-Dollar Weather/ Climate Disasters Overview* [Webpage]. Accessed October 16, 2014, <http://www.ncdc.noaa.gov/billions/events.pdf>.

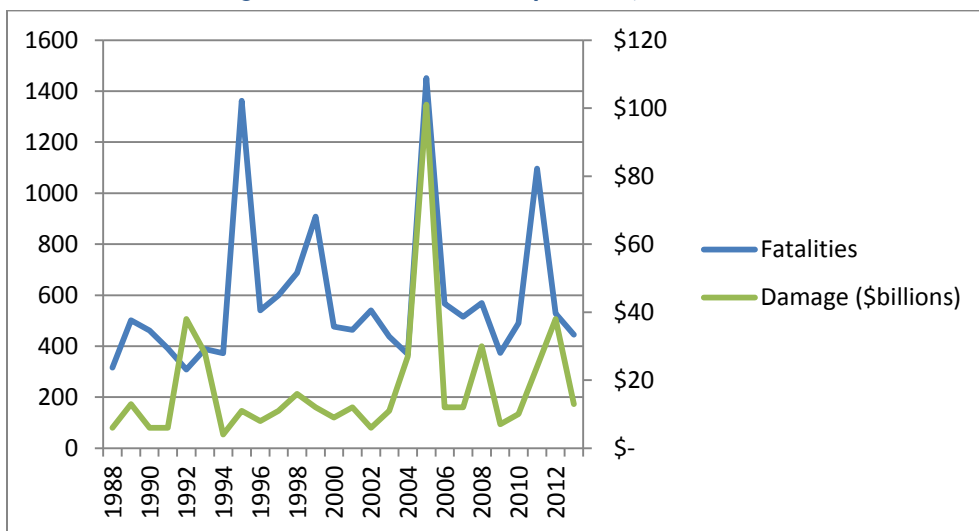


### Number of Presidential Disaster Declarations by Year, 1953-2013



Source: Federal Emergency Management Agency (FEMA)

### Weather Damages and Fatalities by Year, 1988-2013



Source: National Weather Service (NWS)



A few quick facts shed further light on the economic impact of disasters:

- FEMA estimates that approximately 50 percent of all disasters in the U.S. will trigger federal assistance. The insurer Swiss Re estimated that insurance payouts worldwide for disasters in 2013 were about \$45 billion.<sup>3</sup> This pales in comparison with 2012, when, because of Hurricane Sandy, insurance companies paid \$58 billion in the U.S. alone on disasters.<sup>4</sup>
- Of small- to mid-sized businesses, only 26 percent have a disaster preparedness plan in place.<sup>5</sup>
- Some 40-60 percent of small businesses never reopen after a disaster, according to the Small Business Administration.
- Nationwide, at least 39 states are at risk for moderate to severe earthquakes.<sup>6</sup>

## Types of Disasters and Their Impacts

Disasters can take many different forms and the durations can range from just hours or days to weeks or months of ongoing destruction. Below are lists of the various types of disasters – natural, man-made or technological—that can impact a community.

| Natural Disasters              |   |
|--------------------------------|---|
| Hurricanes and tropical storms | Earthquakes and sinkholes               |
| Floods and flash floods        | Drought and water shortage              |
| Thunderstorms and lighting     | Extreme heat                            |
| Tornadoes                      | Winter and ice storms                   |
| Wildfire                       | Emergency diseases (pandemic influenza) |
| Agricultural diseases          |   |

Hurricanes and tropical storms are among the most powerful natural disasters because of their size and destructive potential. Tornadoes are relatively brief but violent, causing winds in excess of 200 mph. Both earthquakes and tornadoes strike suddenly without warning. Flooding is the most common of natural hazards, and requires an understanding of the natural systems of our environment. Communities are more vulnerable to wildfires in the event of extreme dry weather conditions or a drought. American officials say that a food safety scare similar to the one that hit the Belgian poultry industry in the 1990s could jeopardize U.S. agricultural exports in excess of \$140 billion.<sup>7</sup>

<sup>3</sup> Hellmich, N. (2014, March 26). Insurance Firms Pay Out \$45B For Disasters in 2013. *USA Today*. Accessed October 14, 2014, <http://www.usatoday.com/story/money/business/2014/03/26/disasters-insurance-losses/6902967/>.

<sup>4</sup> Sturdevant, M. (2013, January 3). In U.S., 2012 Was Second Most Expensive Year for Natural Disasters. *Hartford Courant*. Accessed October 16, 2014, <http://courantblogs.com/ct-insurance/storm-sandy-makes-2012-the-second-costliest-year-for-u-s-insurers-ever/>.

<sup>5</sup> Lynn, S. (August 7, 2012). *Disaster Preparedness: Planning Ahead*. Retrieved from: <http://www.pcmag.com/article2/0,2817,2408092,00.asp>

<sup>6</sup> The University of Georgia Cooperative Extension (n.d.). *Specific disasters - Why plan?* Retrieved from: [http://spock.fcs.uga.edu/ext/housing/pubs/Specific\\_Disasters.pdf](http://spock.fcs.uga.edu/ext/housing/pubs/Specific_Disasters.pdf)

<sup>7</sup> Tampa Bay Regional Planning Council (2008). *Florida Business Disaster Survival Kit: Business Disaster Planning Guidebook* [Web library]. Tampa, FL., pp. II-15.





### Man-Made and Technological Disasters

|                                    |                                 |
|------------------------------------|---------------------------------|
| Hazardous materials and chemicals  | Chemical and biological weapons |
| Building fires                     | Cyber attacks                   |
| Power service disruptions          | Fraud and theft                 |
| Environmental health issues        | Civil unrest                    |
| Terrorism                          | Radiological emergencies        |
| Sudden closure of economic anchors | Economic adjustments            |

At times, disasters are caused by humans. Hazardous materials emergencies can range from a chemical spill to groundwater contamination. Workplace fires are more common and can cause both significant property damage and loss of life.

Communities are also vulnerable to threats by individuals and extremist groups who use violence against both people and property. High-risk targets include military and civilian government facilities, international airports, large cities, and high-profile landmarks. Cyber-terrorism involves attacks against computers and networks done to intimidate or coerce a government or its people for political or social objectives. “Economic disasters” can also occur with the closure of a major employer or shifts in the economy move industry away from a community. Like the natural disasters, these can come both suddenly and gradually over time. Similar to other disasters, the consequences on the local economy can be immediate, lasting, and complex. Fortunately, the actions local, regional, and state officials can take are applicable across a wide spectrum of potential hazards.

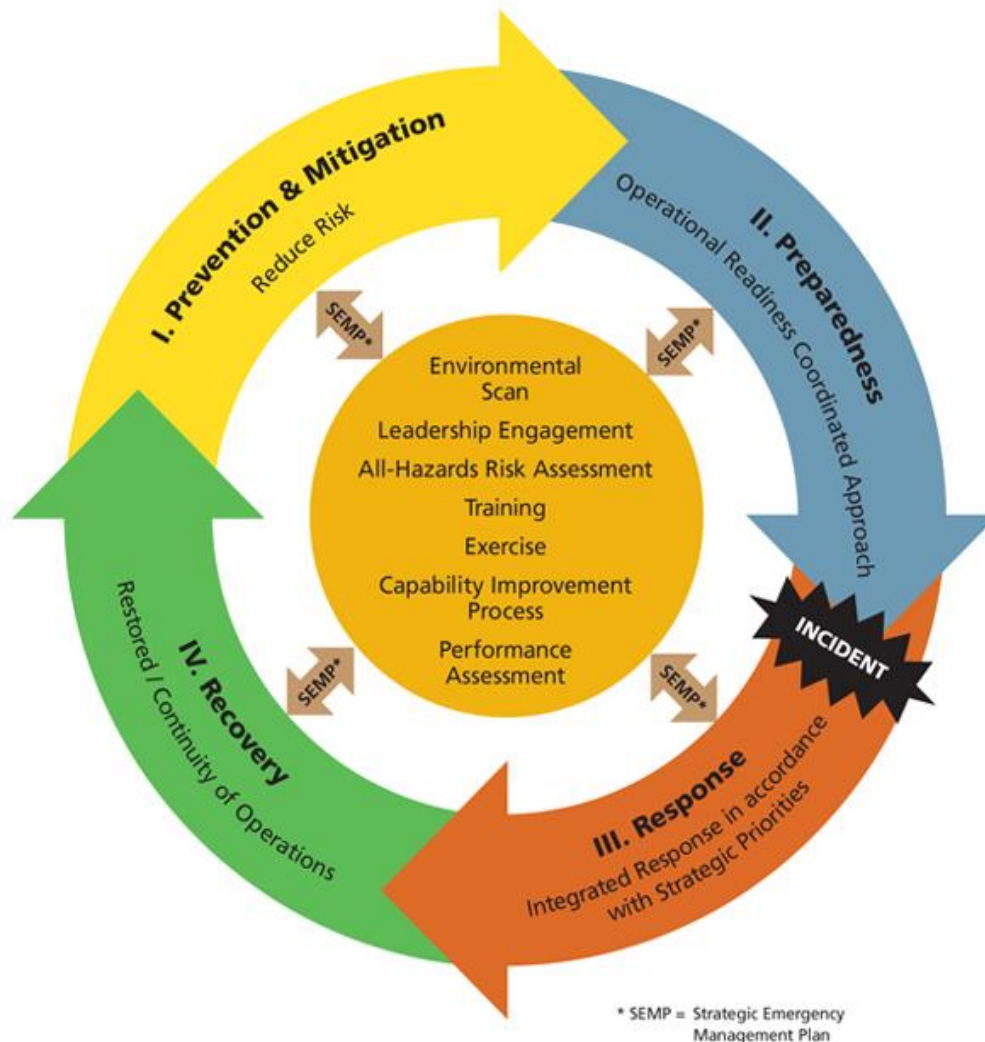
It is critical that local officials work with their emergency management community and hazard mitigation planners to better define their risks and assets. While many incidents may be relatively rare in frequency, their impact on a community can last for generations. For these reasons, it is critical that economic developers and other local officials to engage in pre-disaster recovery planning.



Fire damage from a broken gas line after a Napa Valley Earthquake, August 2014 Source: FEMA



## Cyclical Phases of a Disaster



## Phases of a Disaster

In 1979, the National Governor's Association described a four-phase model to help emergency managers prepare for and respond to disasters. These phases include: 1) mitigation; 2) preparedness; 3) response; and 4) recovery.<sup>8</sup> FEMA also used this model to describe different functions and time periods of disasters. "Prevention" is sometimes added as a fifth phase to describe actions to avoid an incident or to intervene to protect lives and property.

<sup>8</sup> National Governors' Association Center for Policy Research (1979). *Comprehensive Emergency Management: A Governor's Guide*. Printed for the Defense Civil Preparedness Agency.



The model is useful to frame issues related to disaster preparedness as well as economic and business recovery after such events. However, since the late 1970s, the understanding of disaster recovery phases has evolved to show a cyclical occurrence of each phase, as well as an overlap of the adjacent phases. In fact, many recent disaster response and recovery efforts have recognized that actions taken in the early stages of a disaster response mission have a direct and lasting impact on the recovery phase. For this reason, many emergency managers recognize that recovery does not strictly follow response. Instead, recovery efforts start at “day zero” and operate in tandem with the response effort.

## Mitigation

Mitigation involves steps to reduce vulnerability to disaster impacts such as injuries and loss of life and property. This might involve changes in local building codes to fortify buildings; revised zoning and land use management; strengthening of public infrastructure; and other efforts to make the community more resilient to a catastrophic event. For more information on mitigation, please visit FEMA at: <http://www.fema.gov/what-mitigation>.

## Preparedness

Preparedness involves taking steps before a disaster to reduce the risks of disaster impact on individuals, families, businesses, schools, and communities. Education, outreach, and training can build capacity to respond to and recover from a disaster. This may include business continuity training, pre-disaster strategic planning, employee preparedness initiatives, and other readiness activities. For more information on preparedness, please visit FEMA at: <http://www.ready.gov>.

## Response

Response is the effort to provide lifesaving and life sustaining services in the face of immediate threats presented by a disaster. These actions usually include search and rescue, meeting humanitarian needs (food, shelter, clothing, public health and safety), debris removal, damage assessments, and immediate medical needs.

Triage efforts assess and deal with the most pressing emergency issues. This period typically feels somewhat chaotic and can last a month or more, depending on the nature of the disaster and the extent of damage. Federal resources, such as action from the Federal Emergency Management Agency (in the case of a major disaster declaration) and nonprofit resources from agencies such as the Red Cross, Salvation Army, and United Way often are deployed immediately.

Business re-entry into the community begins during this phase. Businesses initially may face issues with access to their sites, preliminary damage assessment, and communications with staff, vendors, suppliers, and customers. Ongoing issues may include access to capital and workers, repair of damaged property or inventory, and a diminished customer base. It is often in this phase that the medium- and long-term health of a region’s business community will be saved or weakened. Depending on the size and scale of the disaster, local authorities may restrict re-entry in varying ways that could prolong a business disruption. It is critical that



economic developers work with their local emergency management offices to understand these procedures and then communicate them to the business community.

Mobile or fixed-location one-stop centers for business are quickly set up in the community to centralize small business resources, whether they are local, state or federal (e.g., those provided by SBA, SBDC, SCORE, etc.). They provide a location to connect businesses to local bankers, business counseling, and other assistance critical to maintaining business continuity. For more information on one-stop recovery centers, visit: <http://restoreyoureconomy.org/recovery/business-recovery-center>.

Case Management Services is another term used to describe situations where businesses can receive personalized assistance. This is sometimes done in a mobile setting, where business owners and managers have resources brought to them. (See Chapter IV on Small Business Assistance for case studies.)

Federal and state resources from the Small Business Administration; the Economic Development Administration; the departments of Housing and Urban Development, Agriculture, Treasury, Transportation and Interior; and the Army Corps of Engineers – as well as state programs – will become available. Many of these resources have very specific parameters for eligibility and use. It is important to work with the local field office to learn how the agency's programs may be applicable for each disaster.

As the response progresses, the focus usually shifts from dealing with immediate health, safety and other emergency issues to conducting repairs, restoring utilities, establishing operations for public services (including permitting), and finishing the cleanup process.

It is not uncommon for disasters to reveal a weakened economic development landscape, with significant gaps in regional cooperation and alignment, organizational capacity, staffing, technical knowledge and financial resources. Thus, economic development agencies and stakeholders also may need to rebuild and may need additional staff, capacity-building assistance and training. These gaps can often be highlighted because after the incident those organizations will be pressured to provide leadership and information both from bottom up and top down sources.

## Recovery

In the recovery phase, all aspects of disaster's impact on a community are restored. Experience has shown that communities which access and deploy a wider range of public and private resources tend to recover more quickly. During recovery, the impacted region has achieved a degree of physical, environmental, economic, and social stability. Individuals and businesses move from temporary to permanent homes and business locations, while reconstruction of community infrastructure moves forward.

The recovery phase can be broken into two or three periods. The short-term recovery phase can start immediately following an incident, when recovery operations are beginning and the community and business



leadership is organizing for long-term redevelopment activities. The duration of this phase depends on the severity of the disaster and the level of community preparedness.

An intermediate-term phase is sometimes added to describe the activities undertaken to return essential government and commercial services, critical infrastructure, individuals and families to a functional state.



**FEMA Wildfire Assistance Applicants.**

**Source: FEMA**

The long-term recovery and redevelopment phase can take years or even decades while the community's economy returns to some sense of normalcy. Long-term financing is critical as businesses adapt to new environments, sometimes changing their business models.

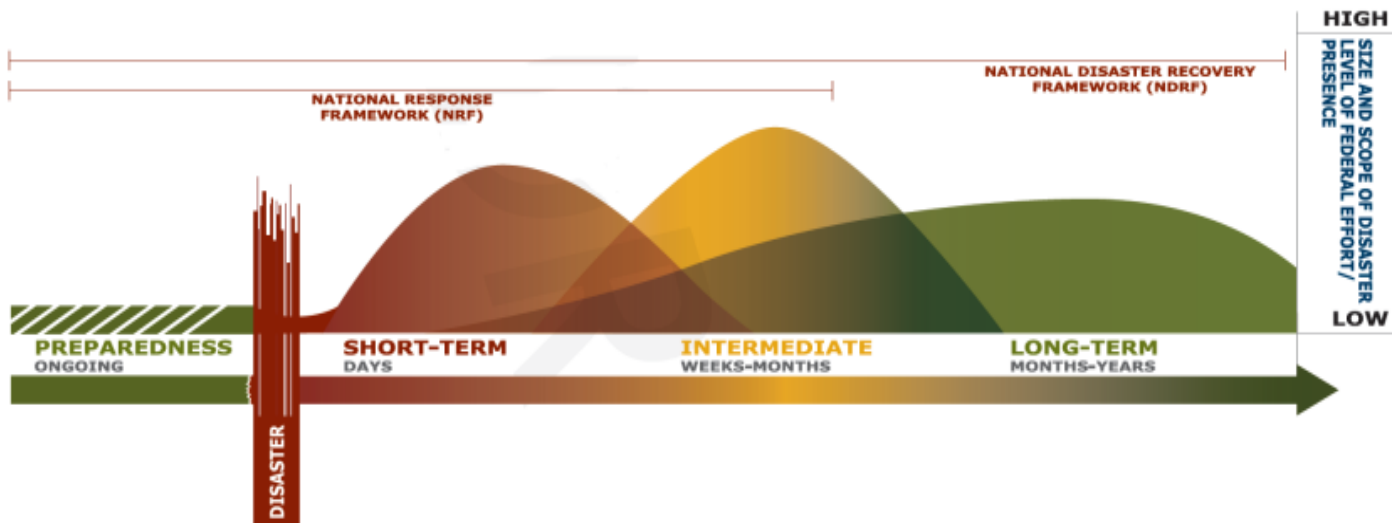
Businesses may also need to recruit and train new workers. Employees may have difficulty getting to work if roads have been damaged, or there may no longer be affordable workforce housing near their previous workplaces.

Businesses also may need to find new customers and vendors. Companies that have historically catered to local customers may find their markets disrupted. They may need advice about exporting products or services to new areas which have different business licensing requirements and taxes, for example. Capital may be required to find new markets in other jurisdictions that are not suffering from the same disaster. As the recovery process challenges the economy, economic development expertise and capacity become more critical.





The following illustration of the National Response Framework and the National Disaster Recovery Framework (explained in more detail below) depicts the recovery continuum with the following phases: Preparedness, which begins before the disaster and is ongoing, Short-Term Recovery, Intermediate Recovery, and Long-Term Recovery.



It is important to point out from the figure above that each recovery phase is not only overlapping, but they find their starting point early in the disaster recovery process. After a disaster, it is important to quickly identify the roles that various parties can play in the recovery. A coordinated response will help avoid duplication of efforts, inefficient use of funds, confusion by businesses and the community, and oftentimes facilitate a more rapid recovery. The following chart shows the typical allocation of responsibilities among various levels of government.

### Responsibilities of Local, State & Federal Government Following a Disaster

Local government often takes the following response actions:

- Develop and implement recovery and mitigation plans.
- Ensure integrated efforts across government offices, the private sector and nongovernmental organizations (NGOs) during the formulation and implementation phase of recovery projects.
- Lead efforts to restore all sectors of the community, including critical infrastructure, essential services, business retention and the redevelopment of damaged housing units.
- Manage rebuilding to reduce risk reduction and comply with standards for accessible design.
- Undertake an appropriate community planning process.
- Establish metrics to evaluate and communicate progress.

State government's response to a local disaster is to:

- Assess local government recovery capacities for the specific incident and assist local governments with identifying recovery resources.
- Coordinate State recovery planning and assistance to impacted communities.





- Lead unified recovery efforts of State agencies, setting appropriate State policies to guide State agency activities as well as inform the application of Federal funding.
- Manage Federal grant resources; ensure efficient use of the funds; enforce accountability and compliance.
- Oversee volunteer and donation management
- Oversee an accessible case management process.
- Develop strategies for leveraging recovery funds through private investments, charity, and State sources such as emergency funds and taxes.
- Provide timely public information and manage expectations
- Enact exemptions to State regulations to facilitate rebuilding promote safer building.
- Coordinate with Federal law enforcement to prosecute disaster-related fraud, and abuse.
- Establish metrics to evaluate recovery progress and the achievement of statewide disaster recovery objectives.
- Ensure safety and health of State workers.

The Federal government's response to a local disaster includes:

- Identify Federal programs that can effectively support recovery needs and make necessary adjustments to more appropriately address recovery needs
- Ensure transparency and accountability of Federal expenditures that aid disaster recovery.
- Coordinate with the various State agencies and officials to ensure that they have an understanding of how to avoid duplicate payments and whom to contact at the various Federal agencies to answer related questions.
- Deploy a Federal Disaster Recovery Coordinator (FDRC) and activate Recovery Support Functions (RSFs)
- Participate in and support local, State and Tribal recovery planning and mitigation efforts through technical assistance, expertise or other assistance as requested.
- Coordinate Federal recovery efforts with private and nonprofit organizations
- Develop, or refine existing, metrics to evaluate recovery progress and the achievement of Federal disaster recovery objectives.

Source: FEMA's State Disaster Management Course. PDF available at:

<http://www.fema.gov/pdf/recoveryframework/ndrf.pdf>

## Disaster Declaration

While the state and federal governments play significant roles in disaster response and recovery, all disasters are local. They disrupt the physical, social, and economic landscape of neighborhoods, towns, cities, counties, and regions. While there may be advance warning for natural occurrences such as hurricanes and the potential for flash flooding, other events, such as tornadoes, can come with little to no warning. They often catch communities off guard, requiring an immediate and high level of coordination between the private sector and government agencies at all levels. This is particularly important in large-scale events.



Depending on the severity of the event, any state or federally-recognized tribe can make a request for federal assistance by requesting a Presidential Disaster Declaration. Once this declaration has been made, federal and state agencies employ the National Response Framework (NRF) and the National Disaster Recovery Framework (NDRF) to provide a structure for the response and recovery effort. Other incidents, like drought and fisheries disasters receive other federal disaster declarations. It is important for economic developers to recognize the additional flexibilities that these other types of incident declarations may provide them.



**Residents and Ambulance Evacuate West Glenwood, CO.**  
Source: FEMA

## Presidential Disaster Declaration

As set forth in the Robert T. Stafford Disaster Relief and Emergency Act, 42 U.S.C. 5121-5206 (Stafford Act), any state or tribe can seek a presidential declaration for a major disaster (or emergency) by submitting a written request to the President through its regional FEMA office. The request certifies that combined local, county, and state resources are insufficient and beyond their capability to respond and recover from the major incident.<sup>9</sup>

The FEMA regional and national offices then review the evidence of severity, magnitude, and overall impact of the disaster. The amount and type of damage to property and infrastructure is considered, as well as threats to public health and safety. The ability of essential local and state government services to function is also a key consideration.<sup>10</sup> The FEMA office then provides a report to the President.

The Presidential Disaster Declaration is extremely important to localities and states because it establishes eligibility for a number of federal assistance programs, resources, and funding to expedite response and recovery initiatives. The National Response Framework (NRF) and the National Disaster Recovery Framework (NDRF) include information on the federal agencies and programs that can be brought to aid disaster-impacted communities.

## National Response Framework & National Incident Management System

The NRF serves as "...a guide to how the Nation responds to all types of disasters and emergencies. It is built on scalable, flexible, and adaptable concepts identified in the National Incident Management System (NIMS) to

<sup>9</sup> Stafford Act: Section 401. Procedures for Declaration [Excerpt]. All requests for a declaration by the President that a major disaster exists shall be made by the Governor of the affected state. Such a request shall be based on a finding that the disaster is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary.

<sup>10</sup> Federal Emergency Management Agency (n.d.). *Declaration process fact sheet*. Retrieved in September 2011 from: <http://www.fema.gov/declaration-process-fact-sheet>



align key roles and responsibilities across the country. The NRF describes the principles, roles and responsibilities, and coordinating structures for delivering the core capabilities required to respond to an incident and further describes how response efforts integrate with those of the other mission areas."<sup>11</sup>

The framework focuses on the response effort after a disaster, including the need to save lives, protect property, stabilize the incident, restore basic services, and ensure a safe and secure environment for communities to move on to recovery functions. There are 14 core areas in the response effort:

- Planning
- Public Information and Warning
- Operational Coordination
- Critical Transportation
- Environmental Response/Health and Safety
- Fatality Management Services
- Infrastructure Systems
- Mass Care Services
- Mass Search and Rescue Operations
- On-scene Security and Protection
- Operational Communications
- Public and Private Services and Resources
- Public Health and Medical Services
- Situational Assessment

### National Disaster Recovery Framework (NDRF)

Finalized in September, 2011, the NDRF is a conceptual guide designed to ensure coordination and recovery planning at all levels of government before a disaster, and defines how we will work together, following a disaster, to best meet the needs of states, local and tribal governments and communities and individuals in their recoveries. For the first time, the framework establishes coordination structures, defines leadership roles and responsibilities, and guides coordination and recovery planning at all levels of government before a disaster happens.

The NDRF builds on the lessons learned and best recovery practices learned from decades of disaster recovery efforts in the United States. It also fulfills the requirements set forward in Presidential Preparedness Directive (PPD) #8 and the Post-Katrina Emergency Management Reform Act (PKEMRA) of 2006.<sup>12</sup>

To implement the NDRF after a major disaster, six Recovery Support Functions were outlined along major recovery themes to align federal agency programs, technical assistance, and information sharing.

<sup>11</sup> Federal Emergency Management Agency (n.d.). *National Response Framework*. Retrieved on November 20, 2013 from: <http://www.fema.gov/media-library/assets/documents/32230?id=7371>

<sup>12</sup> Department of Homeland Security (March 30, 2011). *Presidential Policy Directive 8, National Preparedness* [Regulation]. Accessed October 15, 2014, <http://www.dhs.gov/presidential-policy-directive-8-national-preparedness>; S. 3271, Post-Katrina Emergency Management Reform Act of 2006, accessed October 15, 2015, <http://www.dhs.gov/presidential-policy-directive-8-national-preparedness>.



## Recovery Support Function (RSF)

The NDRF incorporates six Recovery Support Functions at the federal level. These functions and their primary coordinating agencies include:

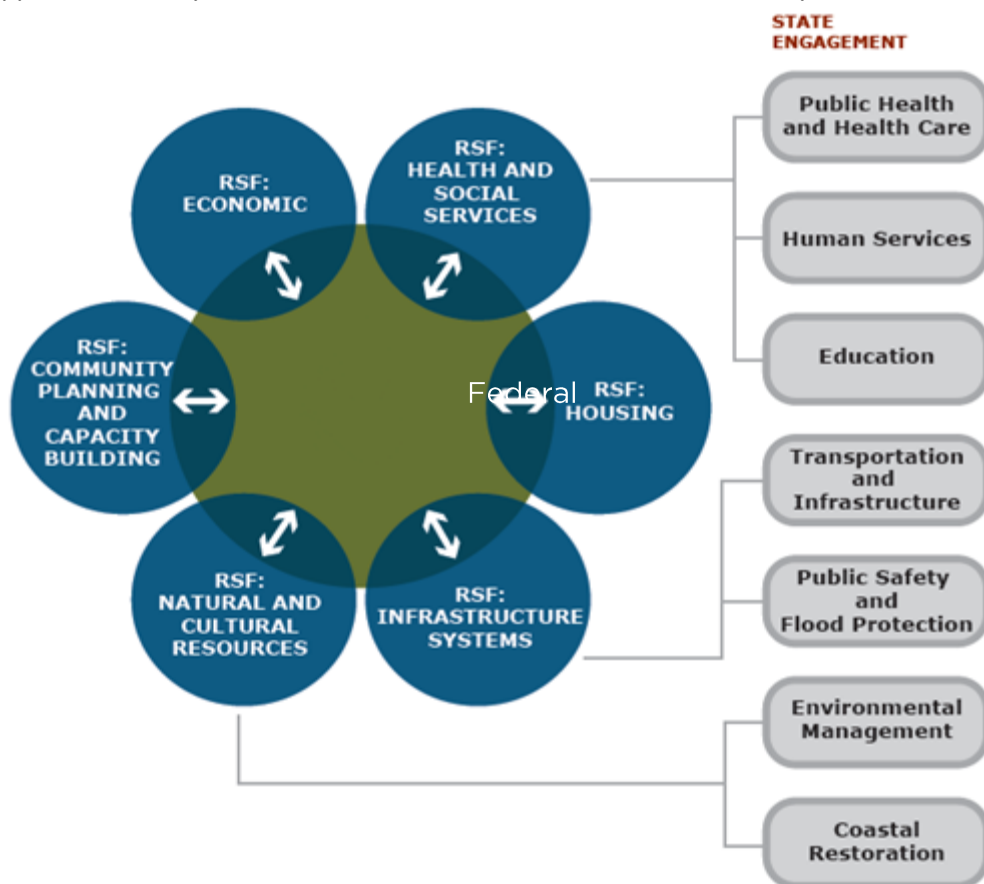
Community planning and capacity-building (coordinated by the Department of Homeland Security/FEMA);  
 Economic (U.S. Department of Commerce/Economic Development Administration);  
 Health and social services (Health and Human Services);  
 Housing (Department of Housing and Urban Development);  
 Infrastructure systems (U.S. Army Corps of Engineers); and  
 Natural and cultural resources (Department of Interior).



FEMA and SBA Officials Assess Damage.

Source: FEMA

The figure below captures the way the six federal RSFs may align with a state's structure for their recovery effort. It is important to emphasize that the state is encouraged to structure its recovery approach in a way that is the most effective for *them*, not necessarily to how the RSFs are structured.





## The Economic Recovery Support Function

(Economic RSF) of the NDRF is responsible for integrating the expertise of the federal government to assist local, state and tribal governments and the private sector in economic recovery efforts following a major disaster. This may include convening and deploying multi-disciplinary teams from federal partners to assist communities in building strategic plans, conducting impact assessments and providing technical assistance. *(For more details on the NDRF and the Economic RSF, see Chapter VIII: Federal System)*

## Local Responsibility in Response & Recovery

### Responsibility of Local Government

While state and federal government agencies can bring significant resources to bear in a crisis, the local government usually has the most knowledge of local assets and public management systems, as well as relationships with their impacted constituents.

Residents and businesses typically look to local governmental leaders to coordinate immediate response efforts. They also expect local leaders to support and remain knowledgeable about long-term recovery initiatives.

In the U.S., local government is responsible for providing the first level of response in emergency management. They must quickly assess the situation and activate the nearest Emergency Operations Center (EOC) following a major incident. Such centers serve as the primary location where key decision-makers gather information about incidents in order to manage the entire disaster response. EOCs also either facilitate or directly dispatch field operations for emergency services and disaster personnel. If the magnitude of the disaster exceeds the resources of the community, the local government may request assistance from the state.

In the recovery phase, local governments also often serve as the grant recipient or applicant for state and federal assistance. Federal and state officials will often frequently seek impact assessment information from local government officials. While these requests can be overwhelming in their frequency and detail, it is critical that local officials expect this and prepare accordingly. Having ready access to pre-disaster data, capability to assess and capture post-disaster conditions, and the capability to engage community stakeholders is critical.

### The Role of Economic Developers

Economic development services may be a direct function of the local government, or be provided by non-profit organizations such as chambers of commerce or local or regional public-private economic development organizations (EDOs).

A key focus for EDOs in the response and recovery is to help facilitate effective communication between government and businesses. Communication on such essential subjects as the availability of power; access to transportation networks and facilities; the availability of temporary facility space for displaced businesses, and government resources to help is a critical activity in the initial days and weeks after a disaster. EDOs also can help advise businesses on ways to communicate that they are “open for business” after a disaster – an





important but often overlooked activity in restoring commerce. *(For more information, see Chapter VII on Crisis Communications.)*

In recent experience, EDO representatives have found it important to work very closely with the EOC or even to hold office at the center in order to help facilitate critical recovery communications to area businesses.

The EDO also may choose to form an economic recovery team (as in the case of Polk County, Fla., in 2004 or Cedar Rapids, Iowa, in 2008) for information-sharing among emergency management personnel, corporate leaders and local business owners. These economic recovery teams not only help aggregate information on damage assessment of businesses and the local economy, but also help to develop long-term strategies for economic recovery.

Generally, people who are engaged in economic development activities should prepare for any or all of these activities to help support recovery:

- Identifying support resources at the local, state and federal level and assisting in disseminating this information to businesses;
- Documenting the economic impact of disasters and/or continuing to gather statistics that demonstrate key trends;
- Strengthening collaboration and partnerships among local, regional and state organizations;
- Building working relationships with federal officials and their consultants;
- Contributing input to their community's comprehensive plans and giving feedback regarding infrastructure and other public services needed to improve commerce;
- Updating economic development strategic plans;
- Project management to ensure implementation of those plans;
- Taking the lead or becoming a key partner in establishing a business recovery center to serve impacted local businesses; and
- Marketing to attract new investment and facilitating industry diversification, particularly when existing industries have sustained damage.

### Responsibility of the State Government

After a major disaster, the governor plays a key role in determining if the severity and magnitude of the disaster is beyond the capabilities of the state and affected local government and requires federal assistance. As local communities report on damage and impact, the state's role is to commit resources to help local jurisdictions respond to the incident.

This may include activating a state crisis action team; assessing the situation by determining all the jurisdictions involved in the crisis and how they will be impacted; identifying activities for immediate response; and determining whether to activate emergency public information procedures, such as the emergency alert system or setting up a joint information center. Again, depending on the magnitude of the disaster, the governor's





office may take steps to declare a state emergency or disaster and request federal assistance (as discussed above).

In addition to the local community, state government has a responsibility to respond to the emergency needs of its citizens. To do this, each state should work in concert with local governments, voluntary agencies, business/industry, and others in the community to develop an all hazards Emergency Operations Plan (EOP). Should the severity of an emergency or disaster require coordination of state as well as local resources, the governor will declare a state of emergency, activating the state's EOP. Once a state of emergency has been declared, the full resources of the state can be accessed in order to respond to the incident.



# Chapter III: Disaster Preparation Measures- Building Capacity for Recovery

## Introduction

Disaster preparedness measures support the economic development organization's ability to effectively support economic recovery for the community following a disaster. Following a disaster, the EDO will have the dual challenge of recovering its own business and that of assisting the business community as a whole. In recovery efforts, the EDO will need to be able to reach out to its members, communicate their needs and inform them as to the status of emergency responses and programs. It may have to do this work from temporary quarters while it too is prevented from reaching its primary offices and support systems. The EDO, often the Chamber of Commerce, is the trusted representative of the business community and holds the local knowledge of business operations and will quickly understand what those businesses need to recover. An EDO that takes steps to prepare for a disaster, and that educates and trains local businesses in disaster preparedness, will have the capacity to provide effective support at a very critical time for its community.

The local government will put emergency management plans into action after a crisis that are likely to have a direct impact on business recovery, such as community reentry, access to property, cleanup activity, and rebuilding of infrastructure. The EDO is the business community's link to the emergency management operations. The EDO and the business community should be aware of these emergency management response plans in advance of a major incident, and should prepare the information necessary to include business needs, such as reentry and damage assessment, into emergency management plans.

Small businesses are unlikely to have considered the effect of a disaster. The EDO can provide trainings on business continuity planning and disaster preparedness. EDOs have a key role in connecting small businesses with these resources. The EDO can host a speaker event to have their local businesses hear from small business owners that have experienced a disaster. By sponsoring the conversations about disaster recovery, the EDO will promote valuable discussions within the community about particular risks and mitigation strategies for their community, as well as the preparedness measures that should be taken throughout the business community.



### OFB-EZ™ –Business Continuity Planning Toolkit

OFB-EZ™ is a free toolkit designed to help even the smallest businesses focus on planning for any type of business interruption. OFB-EZ is available as a downloadable Adobe Acrobat (.pdf) toolkit and as individual module forms in both Adobe Acrobat (.pdf) and Word formats (links below) that can be filled in and printed for safekeeping.

The OFB-EZ™ covers the following:

- Know Your Risks
- Know Your Operation
- Know Your Employees
- Know Your Key Customers, Contacts, Suppliers, and Vendors
- Know Your Information Technology
- Know Your Finances
- Know When to Update Your Plan
- Know When to Test Your Plan
- Table Top Exercise: Power Outage Scenario
- Know Where to Go for Help

*The entire toolkit is available in the **Resources Appendix**.*

Note: The OFB-EZ™ Toolkit is available for download as a pdf at [http://www.disastersafety.org/wp-content/uploads/OFB-EZ\\_Toolkit\\_IBHS.pdf](http://www.disastersafety.org/wp-content/uploads/OFB-EZ_Toolkit_IBHS.pdf) and as a word document at: <http://www.disastersafety.org/disastersafety/ofb-ez-individual-forms/>.

## Business Continuity Planning

Business continuity planning is the process of considering how a business will stay in operation in the event of a disaster. Business continuity planning looks at the effects of interruptions in supply chains, production capacity, and cash flows. Business continuity considers alternatives and strategies for protecting operations, assets, and personnel. Business continuity planning improves the ability of the business to respond and recover from threats, emergencies, or disasters. Business continuity planning builds resilience both for the business and the community.

In disaster-impacted communities, economic development organizations (EDOs) and chambers of commerce often lead economic recovery efforts. An EDO's business continuity plan will include operational continuity as well as planning for its role in disaster response and recovery. Even very simple steps, such as gathering cell phone numbers for membership and key industry leaders, can greatly enhance the EDO's effectiveness following a disaster.



## Identifying Critical Business Functions

Immediately following a disaster, economic development organizations are likely to be operating at reduced capacity. Any number of factors could affect their operations, such as displaced staff, damaged facilities, reduced operational funds, and/or utility outages. Yet these organizations will need to respond to the immense post-disaster economic recovery needs in their community. In order to do this, they need to understand what critical business operations they will need to rely on internally in order to be useful in assisting the community.

Identifying critical business functions is integral in resuming operations following a disaster. The steps in the following “Identifying Critical Business Functions” text box will walk you through identifying the most critical functions in your organization. You may consider your critical functions as those activities that are vital to your organization’s survival and to the resumption of business operations.

Typically, the critical business functions are those functions that

- (1) are most sensitive to downtime,
- (2) fulfill legal or financial obligations to maintain cash flow,
- (3) play a key role in maintaining your business’ market share and reputation, and/or
- (4) safeguard an irreplaceable asset.

Keep in mind; the process of identifying your critical business functions will work in close conjunction with the risk assessment analysis it is suggested you perform.

Please see the [appendix](#) for a copy of the Insurance Institute for Business and Home Safety’s (IBHS) OFB-EZ™ which is a new streamlined business continuity program for small businesses that serves as a user-friendly tool to help them quickly re-open and resume operations following a disaster. Additional information on the Open For Business-EZ tool and other business continuity resources are available on the website for the Institute for Business and Home Safety at [disastersafety.org](http://disastersafety.org).

For a more comprehensive business continuity toolkit, download the Open for Business (OFB)® Basic Toolkit at [www.disastersafety.org](http://www.disastersafety.org).<sup>13</sup> Available in English and Spanish, it provides 50 pages of content and forms to help make sure small and midsized businesses are prepared to withstand the effects of natural and human-caused disasters.

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<sup>13</sup> **Open for Business** (<https://www.disastersafety.org/open-for-business/>) is a business continuity planning guide published by the Insurance Institute for Business and Home Safety.



## IBHS Checklist for Identifying Critical Business Functions

### Steps

- Identify the critical and time-sensitive business functions of your organization.
- Classify these critical business functions into the following categories: high (most severe), medium and low (least severe).
- How much downtime can I tolerate for each business function?
- Which business functions are necessary to fulfill my legal and financial obligations?
- Which business functions are essential to maintain my market share and reputation?
- Complete the Critical Business Functions Chart with each critical business function (See form in [Resource Appendix 2](#)).

### Considerations when Determining Criticality of a Function:

Please reference the following considerations when determining the criticality of each business function.

- What is my organization's core business?
- What would be the consequences if I lose or do not have access to my...
- Facilities/buildings
- Contents/ inventory
- People (employees or customers)
- Vital records
- Equipment
- Utilities
- Support Systems (computers, networks, communications, transportation)
- Suppliers

Source: Adapted from IBHS' Open for Business Toolkit for the Small to Mid-Sized Businesses.

*Note: A PDF form for identifying critical business functions is available from [https://www.disastersafety.org/wp-content/uploads/4\\_Business\\_Function.pdf](https://www.disastersafety.org/wp-content/uploads/4_Business_Function.pdf)*

## Case Study: Disaster Preparation for EDOs in Joplin, Missouri

A catastrophic, EF-5 tornado with wind speeds of up to 300 mph tore a path roughly one mile wide through the southern part of Joplin, Missouri on May 22, 2011. It caused the tragic loss of 161 people and demolished 8,000 buildings (one-third of the city), including 530 places of employment. Two years later, approximately 449 businesses (85 percent) had reopened in the area.

The Joplin Area Chamber of Commerce played a pivotal role in assisting businesses in the recovery process. The chamber president, Rob O'Brian, recognized the importance of having a disaster plan in place before a





potential disaster. As Mr. O'Brian says, "First, you have to be functional yourself" before you look to assist others. He recommends the following critical disaster preparedness actions:

**Have a disaster plan in place for your organization in the event of a catastrophe.** In 2010, the Joplin chamber staff attended an event, "A Day Without Business" in Tulsa, OK, where they learned about creating a disaster plan for their organization. While there are disaster plan templates, the plan should be tailored to the needs of the organization and its own potential disaster threats.

**Know how to effectively communicate with internal staff and external members.** When phone lines, internet and cell phone towers go down, it's important to have a back-up method to stay in contact. In their plan, the chamber designated emergency meeting locations and used SMS text messaging to communicate with their own employees. It is important to collect cell phone numbers of local business owners in case of an emergency.

**Know your data is securely backed up in real time and in an offsite location.** This includes all computer data such as supplier and client contacts, contracts, monthly financials, and other documents that critically support your operations. Tape backups may fail or become corrupted. Also, backups that are kept in your office, car, or house may be destroyed in a large-scale event. As part of its preparation plan, the chamber backed up its data electronically—in real time—at a secure, underground server vault over 80 miles away. This backup location will depend on the type of disaster your community is vulnerable to. This enables your organization to focus on more important recovery initiatives - not retrieving your basic business data.

**Prepare and maintain resources and lists that businesses can use to deal with their immediate response needs.** This includes lists of general contractors, suppliers of heavy equipment, generators, or office equipment, available building space, local banks, and other professional services that are in great need following a disaster. These lists should include contact information including a phone number and/or temporary location address for any critical service that supports the local business community.

**Create and strengthen partnerships before a disaster arrives at the door of your community.** The Joplin chamber relied heavily on the cooperative relationships that it had established with the city and local schools in the 1980s and 1990s. It is recommended to take time during normal periods to clearly define roles of various stakeholders in the event of a disaster. This includes designating who is responsible for business recovery activities or can serve as a spokesperson for the business community after the disaster.

*A full case study can be found in [Case Study Appendix 1](#).*

## Review Checklist for Needed Supplies for Disaster Response

When disaster strikes, the EDO may be on its own for hours or even several days. Keeping supplies on hand can help you take care of your employees, customers, or others on your premises until help arrives. Use the



following checklist for recommended supplies. Remember to check your kit every six months to replace expired or outdated items.

## Understand your Organization's Insurance Plan and Make Adjustments as Necessary

Organizations should review insurance plans on an annual basis to ensure appropriate coverage in terms of replacement costs for the business and business interruption insurance for different types of hazards. Here are several questions that should be a part of that review:

Are you located in an area that is particularly vulnerable to specific hazards such as tornadoes, earthquakes, flooding or hurricanes? You should be aware of both what your insurance will cover as well as what will not be covered. Too many organizations are underinsured because of a lack of knowledge about what their insurance policy includes in terms of coverage.

- Do you need to buy additional insurance coverage? Most commercial property insurance does not cover flood or windstorm damage. Flood insurance involves a separate policy from the National Flood Insurance Program. This is particularly important for businesses operating in a floodplain.
- Are you shopping around for more affordable insurance? Beware of companies that offer a 'low-ball' bid where the quote comes in 20 to 50 percent less than prevailing rates. This type of bid translates into either stripped-down service or a rate increase when the insurance policy comes up for renewal.
- Has your business grown in recent years? If so, you'll need to review the coverages for your organization in terms of expanded equipment or operations.
- Do you have sufficient coverage? Do you have coverage to either rebuild the structure of your business operations or replace fixtures at current replacement prices? After a disaster, your organization will not be in a position to shop around for good prices, as supplies will be short. It is wiser to overestimate replacement costs. Talk to your insurance agent about recent business changes and if you may need to adjust your coverage limits appropriately.

## Identify a Backup Office Location in the Event of a Disaster

### EDOs Should Arrange for Two Alternate Office Locations

As part of the organization's business continuity plan, an EDO should plan for at least one backup office location – preferably two backup office locations - to use in the case of an emergency. This ensures that if the first alternate location is also impacted, a second location is available. In the case of Hurricane Gustav, the economic development organization in Jefferson Parish, JEDCO, had arranged for a backup office location in Baton Rouge, but the facility was not available for back-up use as the city was also impacted by the hurricane.

## Establish a Backup Data System for Your Organization

### Organize a Remote Server to Serve as Backup for Your Vital Records

Your business operations rely on access to data and information. The EDO should arrange for a remote data backup of its computer network. Your organization may want to consider the services of a data center and disaster recovery facility where data is backed up in real time. Some experts recommend a backup off-site



location that is at least 50 miles away but that depends on the type of disasters your organization may face. A hurricane can have a path larger than 50 miles so it may be wise to consider another state.

Organizations should seek to backup all vital records that can include employee data, payroll, financial records, strategic plans, customer or client lists, vendor lists, building plans / blueprints, the lease, insurance records and other valuable documents that contribute to the organization's bottom line.

For example, your organization's key function may be its Business Retention and Expansion (BRE) function. If the BRE database is only stored at the office, the EDO may lose the ability to access emergency contact information. They may even lose the data permanently depending on the damage to their facility. EDOs should follow suit as more and more businesses and public agencies are creating redundant systems - backing up data in remote locations.

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### **IBHS Voice/ Data Communications Checklist**

If your organization relocates at a temporary recovery location, it is likely you will need to lease or purchase telecommunications equipment. The Voice / Data Communications form in [Resource Appendix 4](#) may be helpful to organize a list for what is needed in case of a disaster.

*Note: A PDF of the IBHS Voice/Data Communications Checklist form is available at [http://www.disastersafety.org/wp-content/uploads/11\\_VoiceData\\_Comm.pdf](http://www.disastersafety.org/wp-content/uploads/11_VoiceData_Comm.pdf).*

### **IHBS Checklist for Computer Equipment**

It is likely you will need to lease or purchase computer equipment and replace your software if you relocate to a temporary location. The IHBS Checklist for Computer Equipment form can be used to know what you would order. In cases of sufficient warning, computer equipment should be moved to higher ground or to an alternative safe place. This form can be found in [Resources Appendix 5](#).

*Note: A PDF of the computer equipment checklist can be downloaded at [http://www.disastersafety.org/wp-content/uploads/10\\_Hardware\\_Software.pdf](http://www.disastersafety.org/wp-content/uploads/10_Hardware_Software.pdf).*



### Collect Critical Emergency Contact Information from Local Businesses

When a major disaster strikes, communication channels are commonly disrupted at a time when the community needs them most. EDOs should prepare to have several different ways of contacting local businesses. Disasters can disrupt power sources, which means that internet and email are inaccessible. Cell phones can also be down for a period of time, but their text functions may still work in an emergency situation. Therefore, EDOs should make sure to collect the cell phone numbers of key executives in the business community ahead of time.

An online registration system is a useful tool for collecting this information. Businesses can register online and provide basic company information and alternative contacts prior to a disaster. If the area is hit by a disaster, this information allows economic developers to contact local businesses, identify the impacts of the disaster, and determine the business community's most immediate needs. Online registration systems can also be streamlined with existing BRE software programs

### Collect Employee Emergency Contact Information

Prepare for the unexpected in communicating with your employees following a major disaster. Modern telecommunications channels may be disrupted by power outages, damage to infrastructure, or system overload. This is particularly important if the disaster happens outside of normal operation hours. Compile key personal contact details for your employees.. This may include personal cell phone and personal email addresses. Following a disaster, you will need to inform them of the status of business operations and where they should report to work depending on the magnitude of the disaster and its impact on the built environment.

For large organizations, you should consider setting up a special number for employees to call-in to or can you arrange for programmable forwarding of your main business line. An out-of-state number may be a wiser option to enable employees to get through if the disaster's magnitude is large. Other options to consider are sending an email to both work and personal email addresses as well as posting information on your organization's website. Communication needs to be two-way so the employee can also share concerns in returning to work. Your employees may be experiencing significant loss in terms of damage to their homes, closure of daycare and schools, transportation challenges, and potential injury or loss of life of family members and friends. Senior management needs to take extra care in communicating with employees, as they are often your key assets to protect and serve.

#### Employee Needs Following a Major Disaster

Consider the following issues that may arise for your employees in their ability to resume working:

- Need for alternative transport modes
- Provision of emergency housing
- Short-term financial aid for immediate needs
- Childcare facilities
- Payroll continuity is key!



An important question to consider is whether your disaster plan takes into account the safety and wellbeing of your employees in the event of a major disaster. If a disaster happens during normal hours of operation, do you have emergency contact information for your employees so you can notify their families if the disaster makes it difficult for them to leave the work premises?

Finally, employee contact information needs to be regularly updated. It is suggested that you meet with your employees once a year not only to review emergency plans but to also update emergency contact details.

## Engaging the Business Community in Disaster Preparedness

Economic development organizations (EDO) have the unique ability to coordinate involvement and leverage resources from the business community after a disaster. They are likely to take a leadership role in facilitating job recovery and stabilizing the community's economic base.

To facilitate this role, there are a series of preparedness activities that EDOs should be conducting, such as:

- Engage and educate the business community in disaster preparedness
- Plan for economic disaster recovery
- Build organizational capacity for economic recovery
- Establish a tiered system of business reentry
- Make preparations for business financing after a disaster
- Prepare media messages and communication channels
- Develop redevelopment and re-use strategies

Involving the business community in the disaster preparation process at an early stage will help to ensure their specific needs are addressed in emergency plans and increase their resilience to the disaster's impact. Business owners and executives don't naturally see their role in a community's disaster preparedness effort, so the EDO plays an important role in conveying these understandings. While local government has the legal responsibility to address disaster risks and make emergency management plans, businesses and the business community will recover much more effectively from a disaster if they have taken preparedness steps tailored to business needs.





### Case Study: Polk County Office of Economic Development

In 2004, a series of three hurricanes swept through Florida over the course of three months and hit Polk County with significant force. Despite extensive damage throughout the area, the Polk County Office of Economic Development (OED) responded quickly to mobilize an economic recovery team immediately after the first hurricane. OED reached out to the 13 chambers of commerce within the county's 17 municipalities and included them on the recovery team.

The team also consisted of OED's economic development, tourism, and SBDC staff. OED's unique relationship with the local chambers allowed each municipality to conduct business surveys in their respective jurisdiction and report back to OED on ground-level impacts and damages. This team assisted OED in capacity issues and helped to collect and disseminate valuable economic information to local, state, and federal officials. As recovery efforts moved forward, OED engaged local bank representatives to join the recovery team as they started to distribute business recovery loans.

After Hurricane Charley, the recovery team transformed into an official Emergency Support Function (ESF 18) as part of Florida's state-level ESF 18 system. The ESF model, originally developed by the Federal Emergency Management Agency (FEMA), enables government agencies to better coordinate their disaster response and recovery efforts in multiple areas. The ESF 18 group specifically deals with recovery efforts related to business and industry. The creation of the ESF 18 team at the local level allows Polk County's economic recovery team to have greater access to federal and state emergency funding like planning and mitigation grants. Polk County OED has used these funds to work on a Post-Disaster Redevelopment Plan, which engages the private and public sectors in a discussion of how they can redevelop and make their community more resilient in the wake of a major disaster.

*The full case study can be accessed in [Case Study Appendix 2](#).*

The following are practical suggestions to effectively engage local business representatives in activities that not only will protect their business assets but also expedite the recovery of the local economy in the event of a major catastrophe.

### Build an Economic Response/Recovery Team

An EDO should engage business leaders in disaster preparedness efforts, particularly those businesses that may have important resources for response and recovery. It is recommended that an economic recovery team be formed ahead of a disaster to specifically address the post-disaster economic recovery issues that a community may face. The team would review the community's emergency response plan to evaluate how the business community and local economy might be impacted by decisions laid out in the plan. This economic recovery team



would also play a role in working with emergency management personnel to influence a tiered system of reentry for critical businesses that need early access back in the community following a disaster.

After the 2001 Nisqually earthquake in Seattle, local officials closed a particular block because of one building's potential to collapse. Therefore, owners and employees of undamaged businesses in the area were barred from entering their shops and facilities. The restrictions were eventually modified to allow business access while maintaining public safety, but the time it took to make these changes left many businesses with significant damage to their bottom line.

### Case Study: Cedar Rapids Chamber of Commerce and Priority One

After the 2008 flood in Cedar Rapids, Iowa, the Chamber of Commerce and Priority One (a regional economic development organization) established the "Adopt-a-Business" program. This program allowed unaffected businesses to donate resources to the 602 businesses affected by the flooding. These resources included "temporary facilities, business coaching, and financial assistance; clean up labor, [and] construction materials." This program allowed businesses to become operational more quickly without incurring more loans, and contributed to the strong sense of community that emerged following the flood.

*The full case study can be accessed in [Case Study Appendix 3](#).*

### Identify Community Stakeholders for Recovery Team

Invite a mix of strategic representatives from both the private and public sectors to participate in the economic recovery team. Ensure good representation from experienced business people. Even a well-intentioned public official may not understand the scope of economic impacts with the seemingly simple decision of closing a few streets. That one decision can slow recovery, force businesses to relocate or close, and drive residents and customers away – thereby affecting the available workforce and economy.

Team members should involve the following groups of stakeholders:

- Economic development stakeholders (representative from EDO, small business development corporation, business or trade association, business district, etc.);
- Public and elected officials (emergency management and public safety personnel; council members, etc.); and
- Significant representation from the business community.

Private and public sector involvement on this team will ensure that communication flows between these two groups to reveal any potential conflicts and/or duplication of effort in the recovery process. The public sector is better informed of their decisions that could delay the recovery effort and is informed of the private sector's priorities for re-investment and redevelopment. Trust is built as these stakeholders cooperate in the pre-



planning phase so that these relationships can be relied on when the disaster strikes, and there is need for an expedited decision making process.

The team should select the appropriate leader who has an articulated position of authority to provide proper support to the team; someone who understands the needs of the private sector and can facilitate participation from all representatives. His or her role will be to establish agendas, facilitate discussion and information exchange within the team, delegate tasks and follow-up, and evaluate group objectives and outcomes.

### Case Study: Greensburg, KS

After Greensburg, KS was devastated by an EF-5 tornado in 2007, the community made the decision to build back more resilient through several sustainability efforts. Community planning was guided by the Greensburg Sustainable Comprehensive Plan, created after the tornado, which offered a stronger focus on green economic development strategies. These strategies included implementing strict green building standards, building an Eco-Park, focusing on tourism and green manufacturing, and creating a business incubator built to LEED Platinum standards. These efforts have caused the economy to diversify, making Greensburg more resistant to future economic or natural shocks.

*The full case study can be accessed in [Case Study Appendix 4](#).*

### Review Comprehensive Emergency Management Plans

The economic recovery team's first initiative should be reviewing the community's existing emergency management and mitigation plans with a focus on the plans' impact on the business community and the local economy. Most emergency management plans are primarily concerned with health and public safety issues and may overlook the economic recovery aspect. These plans discuss business reentry, access to property, and other issues that impact local businesses' ability to respond and recover.

The team should consider reviewing other plans that are also relevant to disaster recovery, such as the:

- Economic development component of a comprehensive plan;
- Economic development strategic plan;
- Community economic development strategy; and
- Capital improvement plan.

An EDO can play a critical role in engaging business leaders in disaster preparedness efforts, particularly those businesses that may have important resources for response and recovery.

**Discuss Roles and Responsibilities for EDOs Post-Disaster**

The role of EDOs will vary based on the economic development structure of your community. Each EDO has its own network of community and business stakeholders that should be engaged for information dissemination purposes.

**Discuss Post-Disaster Economic Recovery Strategies**

Find the appropriate location and begin working on a bi-monthly or quarterly basis to identify possible economic redevelopment and recovery strategies in the event of a disaster. IEDC has developed a series of recommendations for conducting such a planning effort for economic preparedness. For more details on these pre-disaster planning activities, review the chapter on Strategic Planning.

## Business Continuity Training for Small Businesses

Small- and medium-sized businesses have strong roots in the local economy and are often more vulnerable to disasters than large businesses. Consider the following statistics from IBHS and SBA: one in four small businesses are expected to experience a disruptive disaster in the near future – regardless of their location in the country. Approximately 60 percent of those small businesses do not have even a basic emergency response plan. Of those businesses without a plan, 43 percent won't reopen their doors and 75 percent will fail within three years of a major incident.

It is a fact that small businesses underestimate the likelihood and impact of a major crisis on their business. Yet, when disaster strikes, a number of these businesses will lose their customer base, property, inventory, and sales records in a single day.

EDOs can't afford to lose 25 percent of their small businesses, which make up a significant portion of the local employment base. They must seek to connect their small to midsize firms to business continuity resources and educate them on the importance of business continuity planning. These businesses should draw up formal business continuity plans, which describe a clear set of actions for a business and its employees to follow in order to quickly restore its core business functions after a disaster. Ideas for training workshops and case examples are discussed below.



### Elements of a Business Continuity Plan

When done properly, a business continuity plan can help a business address several of its core functions. The plan will help to:

- Determine and document which staff, materials, procedures, and equipment are absolutely necessary to keep the business operating,
- Identify and document suppliers, shippers, and resources,
- Define and document crisis management procedures and individual responsibilities in advance,
- Plan for the building, plant, or store being inaccessible,
- Plan for payroll continuity,
- Share contact information and business continuity plans with other businesses in the building or industrial complex,
- Keep copies of important records such as site maps, building plans, insurance policies, employee contact and identification information, bank account records, supplier and shipping contact lists, and computer information in multiple secure locations,
- Include co-workers from all levels in planning and as active members of the emergency management team, and
- Review your emergency plans semi-annually.

### Business Continuity Planning Training

EDOs should take a key role in providing training on business continuity to local businesses and connecting them with these resources such as the IBHS's OFB-EZ™, which serves as a free guide to small and midsize firms. Since small business owners are busy and may not feel they have the time or resources to prepare a plan, economic developers can help. EDOs and chambers of commerce should consider holding workshops and/or webinars to disseminate important disaster-related information such as business continuity efforts as well as the need for obtaining business interruption insurance.

These events can summarize the various planning resources and provide “how to” steps for businesses to create their own plan. Careful thought should be given to a convenient time, location, and format of the event as well as appropriate promotional efforts so the maximum number of small business owners will participate as discussed in the Charleston case below.

Most importantly, keep the business continuity plan itself in multiple locations. There is no use in having a plan if it is inaccessible and/or not followed.

In addition, the EDO can provide links to these free guidebooks on a section of their website for business resources.



### Case Study: Charleston Metro Chamber's Business Continuity Efforts

The Charleston Metro Chamber of Commerce in South Carolina created a Business Continuity Planning Council to help encourage small businesses to make business continuity plans. The chamber reached out to its extensive network and brought in teams of local experts to speak on the various aspects of continuity planning. The council serves a wider three-part function. The chamber performs the following functions:

1. Provides resources, including online literature, hard-copy literature, and local experts who can speak on a variety of continuity planning issues.
2. Conducts workshops and presentations on pre- and post-disaster issues such as communications planning, IT preparedness, and other business continuity issues.
3. Coordinates with other emergency-related resources—on the local, state, and federal levels—like county emergency operators, the U.S. Coast Guard, and the Department of Homeland Security.

The chamber's workshops were held every few months at its facilities. Each workshop focused on a specific topic in business continuity. For example, one workshop featured technological components and discussed social media policies, data loss and backup, anti-virus and security protection, and hardware recovery and testing. To market the workshops, the chamber used its own channels—through its member relations team, email, and other member communications—while also engaging the help of the Small Business Charleston Network and advertising in the Charleston Regional Business Journal. The resources needed for this business continuity initiative were already in the community; the Charleston Metro Chamber simply brought them together.

*A full case study can be found in [Case Study Appendix 5](#).*

## Disaster Preparation Measures for Your Business Community

### Collect Critical Emergency Contact Info from Local Businesses to Distribute Crisis Communication Messages

EDOs should prepare to have several different ways of contacting local businesses in the event of a major disaster – particularly when the incident causes widespread damage to power and transportation systems. As discussed above, cell phone numbers should be collected so that text messages can be sent in a blast format to business owners and C-level executives. They will need access to critical and reliable sources of information such as when the power restoration, the location of critical supplies such as generators, gas, water, etc, and where they can access business recovery resources.

Immediate outreach to business owners within your network will demonstrate that you are concerned for their personal welfare as well as their business concerns. Through a text blast, the EDO can inform the business





community of important recovery services and initiatives that they should be involved in. For further ideas on communicating in a crisis, see the Crisis Communications chapter in this toolkit.

### **Establish a Business Reentry Program Following an Evacuation**

After a disaster, business owners may be restricted from returning to their property depending on the nature and scale of the incident. In the process, these businesses may lose their inventory (if perishable), employees, and their customer base. In the case of Galveston, TX after Hurricane Ike, business owners were not allowed to enter the community for 12 days, which allowed salty flood waters to further destroy facilities and inventory.

In the 1995 Oklahoma City bombing, approximately 60 percent of the businesses within the police perimeter closed permanently (even those without physical damage) due in part to limited or no access to the area following the event. These business closures can severely limit access to essential services and products (grocery, gas, daycare, health services, etc.) in the impacted area. The closures also mean decreased employment opportunities for local residents and a significant decline in the tax revenue base.

To respond to this issue, emergency management personnel have developed a tiered system of community reentry following a wide-scale evacuation. The purpose of this tiered system is to allow for the safe, orderly return of community members, such as emergency responders, critical service providers, relief workers, businesses and citizens and to facilitate a timely response to the disaster.

EDOs have played a role in establishing a tiered system of business reentry to facilitate priority businesses gaining early access to their facilities. It essentially works as a credentialing program as ID cards or passes are issued for individuals and businesses. Local law enforcement is trained to recognize these cards/passes and allow access when the appropriate “tier” is activated. These passes don’t guarantee reentry, but they can be used by law enforcement officials to expedite the return of critical personnel.

This tiered reentry system will facilitate timely reentry of critical businesses to assist in the community’s recovery effort. Without a reentry plan, the local economic recovery engine will be severely hampered at a time when the community needs this engine to be available. Preparing a tiered reentry system also assists community stakeholders in administering recovery efforts in a more timely and organized manner.

### **Identify Location for a Business Recovery Center**

Within the first or second week following a disaster, a community should establish a business recovery center (BRC) to meet pressing needs in the business community. A BRC serves as a one-stop shop to provide local, state, and federal resources to businesses after a catastrophic event. The BRC can play a crucial role in getting local companies the assistance needed to re-open and/or stay open as well as carry out a number of communications and outreach strategies. Because a BRC’s services are tailored to address business needs, it is recommended that they are established separately from a FEMA Disaster Recovery Center to avoid confusion with individuals who need social services.



The EDO or chamber should develop a plan for establishing business recovery to outline the proposed location, services, and economic recovery partners that will serve the center. These centers have been located in a local business' conference space, a vacant retail space in a mall or downtown location, vacant space in a business or industrial park, or a FEMA trailer. They often need to be centrally located for those businesses most impacted by the event. Typical partners to have representatives at the center include those from the local SBA office, SBDC, and other business assistance providers. The plan for a business recovery center should be shared with all other economic recovery stakeholders/partners.

### A Three-Tiered Reentry System Following an Evacuation

Many communities have established a three-tiered system to give reentry priority to specific community stakeholders. This tiered system considers the needs of specific businesses and industries to be prioritized for reentry in order to serve the community, the local economy and the needs of citizenry.

**Tier 1:** The first tier is commonly reserved exclusively for reentry of agencies/groups involved in emergency response. This tier includes search and rescue personnel, emergency healthcare staff, utilities and infrastructure repair personnel, damage assessment teams, and pre-designated government staff. In some communities, credentialed businesses and industries whose facilities pose a public safety concern, environmental threat, or other substantial danger are also allowed access.

**Tier 2:** The second tier is limited reentry for other important groups that can include: relief workers, healthcare agencies and suppliers, insurance agents, business operators such as important food and building material retailers, fuel distributors and stations, debris management, financial institutions, and select businesses with unique circumstances (fragile inventory, hazardous waste, large workforce, global distribution, etc.)

**Tier 3:** The third tier allows open access for all remaining residents and business operators (not allowed under tier 2) that can prove they live, own, rent, or lease in the restricted area. This tier also includes licensed contractors, other repair service providers, and family and friends who re-enter with an eligible resident.



### Case Study: Jefferson Parish's Reentry Program

Jefferson Parish is the community immediately to the west of New Orleans, which serves as a major economic engine for the entire region. The parish suffered substantial damage to its commercial and industrial areas after Hurricane Katrina made landfall in August 2005. In the week following Katrina, evacuees were prevented from returning to their homes due to a lack of basic services like water, sewer, and electricity, and traffic was restricted to emergency and utility vehicles.

When the parish did re-open its doors, highways were filled with standstill traffic as a mix of residents, contractors, and business owners all tried to return to the area. The parish government developed a “on-the-fly” reentry plan that consisted of a contractor issuing paper credentials that allowed business representatives to re-enter the community to re-establish business service. Later on, the business community would demand a codified reentry plan – which would involve the cooperation of parish government and the local economic development organization, JEDCO.

The end result was the creation of the JumpStart Jefferson Reentry Application Process — a tiered reentry system composed of the following three levels:

**Tier 1:** Primary infrastructure and major utility companies, pre-designated government staff and contractors, and the suppliers of emergency relief goods and equipment

**Tier 2:** Humanitarian relief agencies and small disaster response teams of large businesses essential to the economy of Jefferson Parish and those with unique circumstances such as fragile inventory or hazardous materials

**Tier 3:** Return of business owners and designated employees whose businesses are vital to the return of citizens and the parish's economy

Jefferson Parish has an online system for registering local businesses and allowing them to apply for reentry status prior to any type of evacuation. After registering, businesses are assigned to a tier that's correlated to how important the business is to preparing the community for citizens and receive an authorization placard for their vehicle to re-enter the parish after a major evacuation. The program automatically recognizes and sends certain applications, like hospitals and other critical infrastructure, to the parish administrator to be reviewed for inclusion in tier one.

In time, this reentry program became a regional system whereby a common database would be shared among regional parishes in the Greater New Orleans area so that reentry credentials would be honored in nearby parishes.

Review Jefferson Parish's Reentry Plan in Resource Appendix 6.



## Establish a Business Recovery Fund

### Establish a Bank Consortium for Business Recovery

Before a disaster, EDOs can bring local banks to the table to discuss how they can make business loans available to disaster-impacted businesses for recovery purposes. Although federal grants and disaster recovery loans are important resources, these resources take time to be distributed. For more details on creating a bank consortium and other efforts to establish a business recovery fund after a disaster, visit the Small Business Assistance chapter in this toolkit.

### Establish a 501(c)3 Foundation that Enables a Business Recovery Fund

Why should an economic development organization (EDO) consider creating a 501(c)3 foundation for economic development and recovery purposes? The IRS 501(c)3 designation allows your organization to receive the following benefits:

- federal and state income tax exemption
- postal rate discounts
- special tax-exempt financing
- increased fundraising efforts by passing on charitable contributions to your investors / donors.

Those seeking to establish a 501(c)3 foundation for economic development purposes apply for one of two purposes: 1) a charitable reason or 2) for educational activities. If applying for a charitable reason, it is important to focus the foundation on activities that work on promoting the socio-economic welfare of a disadvantaged class, such as low-income individuals, or to work on efforts to combat community deterioration.

This foundation structure allows EDOs to engage more actively in economic recovery activity following a disaster. In the case of Joplin, MO, the chamber was able to receive charitable contributions and channel those funds through their foundation into a revolving loan fund (RLF) for small business recovery purposes. See the text box for details on the use of their foundation to establish a business recovery fund.

It is recommended to work on getting an economic development foundation in place before your community is impacted by a major event. Trying to establish a foundation after a disaster slows your organization's ability to quickly respond with needed recovery programs. Keep in mind that these foundations are useful for other economic development purposes during normal periods of operations.

To learn more about setting up a 501(c)3 foundation for economic recovery purposes, please listen to the March webinar recording of the 2014 Disaster Preparedness and Economic Recovery webinar series found on [RestoreYourEconomy.org](http://RestoreYourEconomy.org).



### Creating 501(c)3 Foundations in Joplin for Loans to Impacted Businesses

The Joplin Area Chamber of Commerce (JACC) Foundation is a 501(c)3 organization focused on economic development and economic recovery activities that was established in 1992. The Joplin Business Recovery Fund was established shortly after the May 22, 2011 tornado under the JACC Foundation. This fund was able to receive \$800,000 in private donations and to re-distribute those funds in order to help small businesses with financing for long-term recovery. Because the Joplin Chamber had already established their 501(c)3 foundation, they were able to set up receiving donations through this foundation just a week following the deadly tornado.

With the help of a state senator, the chamber also established *Create Joplin Tomorrow*, a new 501(c)3 foundation for business loans that would help to retain jobs within the state. This allows for loans in the amount of \$10,000 per each job created or saved. *For more information on Joplin, see the [Case Study Appendix 1](#).*

## Disaster Planning for Economic Recovery

Communities are often unprepared for the chaos that is likely to emerge after a disaster, and have difficulty planning for long-term economic recovery when there are pressing humanitarian, cleanup and rebuilding needs to address.

This toolkit includes a chapter on strategic planning that discusses planning processes and initiatives that economic development organizations and chambers of commerce should engage in before a disaster strikes. The chapter includes case examples of post-disaster redevelopment planning in Florida counties. These plans have helped local communities to identify policies, operational strategies, and roles and responsibilities to guide decisions that affect long-term recovery and redevelopment of their community following a disaster.

## Communications before a Disaster: Getting Organized for a Major Incident

Communication is always compromised in a post-disaster situation. Local channels of communication are disrupted due to a breakdown of both physical and social infrastructure (telecommunications and power outages, displaced residents and employers, transportation blockades, etc.). There is confusion regarding where local businesses can access accurate information to assist in their business recovery operations and to get access to additional business recovery resources.

The lead economic recovery organization, or multiple economic recovery organizations, play(s) two important roles in communicating with businesses in a post-disaster situation. The first is listening to businesses to understand their needs. The second is quickly disseminating relevant information to businesses regarding available resources and service providers who can help with cleanup, financing, and rebuilding efforts. In a post-



disaster response environment, communication to businesses should be frequent, consistent, and provide useful information to help businesses and other economic recovery stakeholders to rebuild.

In the Crisis Communications chapter of this toolkit, there are suggestions on creating an emergency communications plan including communication messages, how to determine roles and responsibility of various economic development stakeholders in different communication activities, and the provision of other crisis communication resources for the economic development community.

### **Case Study: Creating a 501(c)3 Foundation for Economic & Community Development Purposes in Hancock County, MS**

Following Hurricane Katrina, the Hancock Chamber established the Hancock Community Development Foundation as a 501(c)3 public charity in May 2006 to act as a funding conduit for recovery projects with a broad community focus. The specific purposes of incorporation are to sponsor and support:

- Recovery and rebuilding projects
- Educational and community programs that stimulate job creation
- Foster small business growth and support workforce development
- Scholarships for the purpose of youth in Hancock County attaining a college education, and Hancock Chamber programs that further the purpose of the foundation and economic development and business growth in Hancock County
- Grant research, development and administration
- Coordinate charitable fundraising to support qualified educational and community programs, and community non-governmental organizations

While the Hancock Chamber was established in 1925, business leaders never saw the need for a 501(c)3 nonprofit until the nation's worst natural disaster struck. If they had not acted swiftly to set up this institutional, financial, technical and legal resource, the community would have been unable to implement critical recovery programs to rebuild Hancock County. Due to Katrina, the application to the IRS for 501(c)3 status was expedited through the help of Mississippi Congressional Offices and in three weeks' time, the status was granted.

Some of the initiatives undertaken by the Foundation include:

- Development of the Hancock Housing Resource Center to restore housing lost to Katrina.
- Establishment of the Bay-Waveland Main Street Association for downtown revitalization.
- Incubation of 20 nonprofit causes from the arts to education to historic preservation.
- The Job Generation Fund (JGF) for small businesses.

*For more information on Hancock County, visit their website at <http://www.hancockchamber.org/development-foundation/>*





## Additional Helpful Resources and Examples

Below is a list of resources and links where you can access more details and information on the topic:

**Ready Business** (<http://www.ready.gov/business-continuity-planning-suite>) was created to educate individuals, small businesses, and interested parties on business preparedness.

**Prepare My Business** ([www.preparemybusiness.org](http://www.preparemybusiness.org)) is an SBA website that provides small business resources for disaster and business continuity planning.

**FEMA PS-Prep** (<http://www.fema.gov/privatesector/preparedness>) is being launched by the U.S. Department of Homeland Security as a voluntary private-sector preparedness accreditation and certification program.

**The Association of Contingency Planners** ([www.acp-international.com](http://www.acp-international.com)) is the national association for business continuity professionals.

**Preparing Your Small Business for a Disaster** ([www.bomasf.org/pdf/news/smallbizdisaster.pdf](http://www.bomasf.org/pdf/news/smallbizdisaster.pdf)) is a resource that lists effective emergency planning activities and provides a list of resources.

**Sungard Knowledge Center** ([www.sungardas.com/knowledgecenter](http://www.sungardas.com/knowledgecenter)) has free resources on continuity planning, cloud computing, and data management.

**New York University's International Center for Enterprise Preparedness White Paper** (<http://www.nyu.edu/intercep/Insurance%20Incentives%20for%20Corporate%20Preparedness%2017%20Oct%2006.pdf>) is on business preparedness and insurance incentives.

**The State of Florida's Business Disaster Planning Website** ([www.floridadisaster.org/business](http://www.floridadisaster.org/business)) will better prepare a business for future disasters by assisting them in creating a Business Disaster Plan.



# Chapter IV: Small Business Assistance Chapter

## Overview

Small businesses are often more financially vulnerable than large businesses in the wake of a disaster. Large businesses have significant resources, and business continuity plans to draw on to continue their operations and remain financially viable, while small businesses typically lack these resources. According to the Institute of Business and Home Safety (IBHS), approximately 25 percent of small businesses do not reopen after a major disaster.<sup>14</sup> This rate increases over time as the impacts of a disaster are not always immediately felt.

Yet, small businesses are often the backbone of a local economy, employing nearly 68 million workers, which is approximately half of all private-sector jobs in the country<sup>15</sup>. These small businesses provide essential items such as groceries, gas, childcare, and health services in the local community. Often the culture, character, and “spirit” of the town is wrapped up in the small business community where local treasures become known as multi-generation institutions. Given their importance to the local economy and the social fabric of the community, EDOs need to invest in bolstering efforts that ensure small businesses are connected to the capital and technical assistance resources available.

In a recent survey of Sandy-impacted businesses within the Rockaway Peninsula in the Borough of Queens, 300 businesses were contacted to discuss their recovery needs<sup>16</sup>. The most frequently stated issue for all surveyed businesses was the need for financial assistance to repair and rebuild their livelihoods. Of those surveyed, Hurricane Sandy had forced 90 percent of all businesses to close immediately, and almost 60 percent of those had remained closed for at least four months after the storm. Another consistent issue identified by the impacted businesses who were interviewed was their reluctance or inability to take on post-disaster rebuilding loans. This reluctance was driven by either existing indebtedness or significant doubts in their ability to recapture a lost customer base. This issue presents a significant challenge for many business assistance programs, especially federal ones, since the predominant form of post-disaster *financial* assistance only comes in the form of low-interest, deferred interest, or no-interest loans.

<sup>14</sup> OPEN for business (2007) [Brochure]. Tampa, FL: Institute of Business and Home Safety., available at <https://www.disastersafety.org/wp-content/uploads/open-for-business-english.pdf>

<sup>15</sup> U.S. Small Business Administration (2009). *The Small Business Economy: A Report to the President* [Report]. Retrieved from [www.sba.gov/advo/research/sb\\_econ2009.pdf](http://www.sba.gov/advo/research/sb_econ2009.pdf)

<sup>16</sup> American Planning Association New York Metro Chapter (May, 2013). *Getting Back to Business: Addressing the Needs of Rockaway Businesses Impacted by Superstorm Sandy* [Technical Assistance Report]. Available at <http://www.nyplanning.org/docs/APA-NYM%20Business%20Recovery%20Report%20to%20RDRC.pdf>

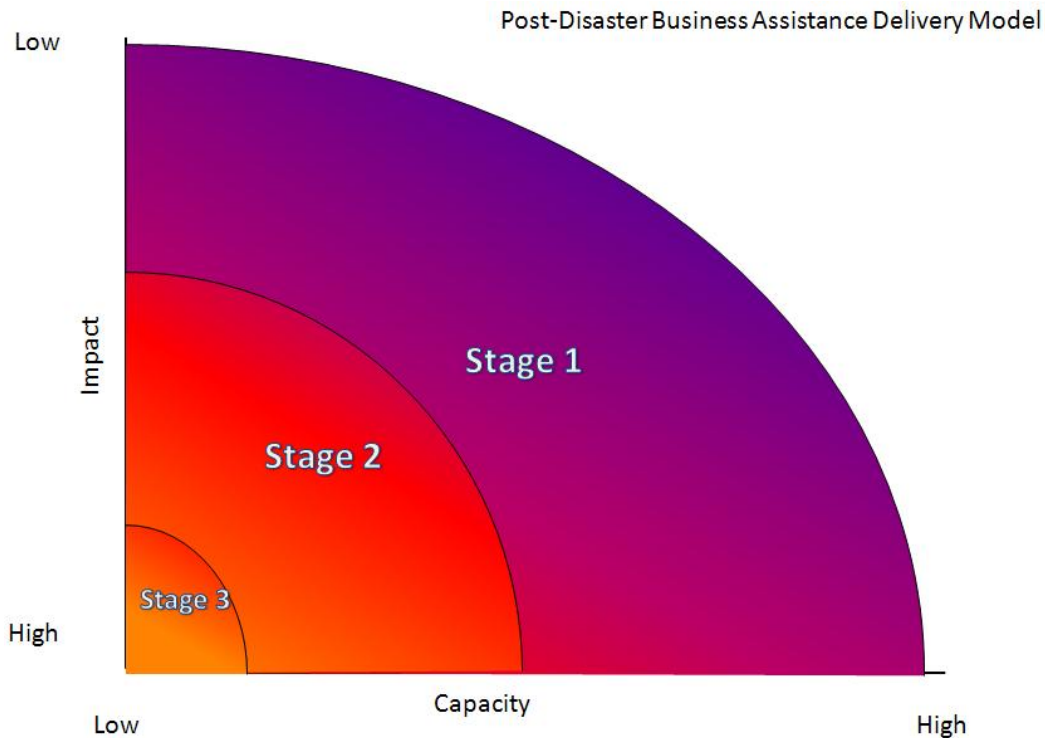


Other issues these small businesses cited included challenges working with their landlords around covering renovation and rebuilding costs, not receiving timely insurance payments for damages or being underinsured (many businesses didn't have flood insurance), language barriers that prevented an understanding of available recovery resources, and a lack of insurance on business interruption and property/inventory damage. Additional issues raised include a concern about the persistence of mold in buildings and non-working streetlights, as well as a negative perception of the area. Often false or exaggerated negative perceptions are cited as the most significant factor impacting businesses after a major disaster. Perception issues can contribute to keeping visitors, customers, or residents away from areas that are thought of broadly as "disaster areas." The irony with this phenomenon, especially for the businesses largely untouched by a disaster, is that the one thing they often *need* the most after an incident are deliberate efforts to increase customers not the opposite.

In this chapter, we discuss the measures and strategies EDOs can implement to be responsive to the small business needs in their community. Most of these strategies center around the core principle, observed in countless instances in the US that there is no "one-size-fits-all" solution for each business. Instead, an adaptive approach that can provide a range of assistance for those most impacted to the least impacted, better connect businesses with alternative forms of capital, and provide technical assistance to address business-specific issues being mindful of the scarcity of the owner/manager's time and capacity.

## Implementing an Effective Post-Disaster Business Assistance Model

A layered approach to providing post-disaster business assistance is necessary to "cast a wide net" and conserve limited resources for the acutest needs. Figure 1 below outlines the model. Included below are overall concepts of resources and techniques that can be applied and customized to reach the needs of the inevitably wide range of business recovery requirements. The sections that follow go into greater detail about the mechanics, process, and resourcing methods for these options.



### Stage 1 Assistance (Passive)

Stage 1 Assistance is characterized by those resources widely available across a large geography (i.e., multiple regions). While labeled “passive”, it is anything but in terms of level of effort. This layer of assistance prioritizes the promotion and integration of existing resources for a wide audience. The best approach tends to be one that is available on an integrated public website that allows the user to self-eliminate non-applicable resource options to narrow the list to those resources most relevant. Additionally, depending on the program (such as SBA Disaster Loans), those agencies establish extensive field presence to disseminate the assistance in the disaster-impacted area. Some examples of the types of assistance include:

- Federal Financial Assistance
  - SBA Disaster Loans
  - CDBG Disaster
  - “Steady-state” Loan Funds (e.g., EDA Revolving Loan Funds, USDA Business and Industry Loans, SBA guaranteed loans, CDFI Lenders, etc.).
- Best practice Information - (e.g., business continuity planning guides, insurance guides)
- Information Resources - (e.g., IRS tax record retrieval, information about federal, state, local, private/non-profit resources)

### Stage 2 Assistance (Regional)

Stage 2 Assistance is characterized by resources often focused regionally to support businesses and business associations (to create a multiplier effect). Some examples of the types of assistance include:

- Access to Capital Events – multi-jurisdictional, multi-organizational events intended to integrate many resource partners into a single venue/event to enable local and regional stakeholders access to what



resources exist. Resource partners often include (but aren't limited to) Department of Commerce, Small Business Administration, US Department of Agriculture, Federal Deposit Insurance Corporation, Federal Reserve Bank, State economic development agencies, Community Development Financial Institutions, community banks, Chambers of Commerce, Small Business Development Centers, etc.

- Peer-to-Peer Events – often occur along industry lines, where industry leaders with disaster recovery experience present lessons learned and facilitate recovery planning efforts with their counterparts in the impacted area.
- Business Assistance and Risk Management Presentations – are targeted outreach efforts to provide business assistance and risk management information at existing business association meetings. These presentations are intended to leverage existing meetings and complement a wide range of meetings and agendas.

### Stage 3 Assistance (Active)

Stage 3 Assistance is characterized by direct, targeted technical and financial resource assistance for impacted businesses. Some examples of the types of assistance include:

- Business Disaster Case Management – a focused effort, often led by a SBDC or Chamber, that provides direct business counseling to impacted businesses to assist them in completing loan applications, retrieving vital records, and re-designing business plans. This effort has been employed through local centers and “virtually” through mobile business counselors. The impact and local culture will dictate the best model for an impacted community.
- Business Disaster Help Desk – a resource made available to businesses to call to receive direct assistance for specific issues/questions. The help desk employs many of the same resources available through business disaster case management but lacks the ability to conduct follow-up activities. The effort relies heavily on well-informed referral networks and is typically resourced at the State or NGO-level.

## Establishing a Business Recovery One-Stop Center for Business Assistance

Immediately following a major disaster, a business recovery one-stop center should be established to meet the pressing needs of local businesses, particularly when a large number have been affected. These centers should be set up to provide an integration of local, state, and federal resources available to businesses – often small and medium-sized firms - after an incident to help them recover. They serve an important role in assisting impacted businesses with critical recovery information and resources, such as financial and business counseling services and information on utility restoration. They are often guided by trained business counselors who have the information or dedicated commitments from a broad suite of assistance resources.

As noted by numerous economic recovery practitioners, one of the first objectives following a disaster is to help impacted businesses return to operations as soon as appropriate<sup>17</sup>. This is particularly important for small businesses that often lack capital reserves and resources to weather lengthy business disruption. Business

<sup>17</sup> Consideration needs to be made of the changes to the local market each business is targeting. A premature push to reopening for some could spell an untimely end for many firms. For example, a small retail shop (a flower shop or diner) located in a central business district that was largely destroyed will likely be unable to attract customers. After all, most people aren't drawn to patronize businesses amongst rubble and debris piles.



retention efforts should be high on the priority list for all economic development organizations, chambers of commerce, business improvement districts, business councils, trade associations, SBDCs, and other organizations providing support services to the local business community. The business recovery one-stop also serves as an important post-disaster focal point for these multitude of economic recovery stakeholders to integrate their business assistance services in a single vehicle to avoid duplication of effort and conflicting or confusing guidance to area businesses.

The one-stop can also serve to facilitate the flow of critical restoration communication as these staff are typically informed with up-to-date information on disaster response and recovery information and/or have a staff member that is connected with the community's Emergency Operations Center (EOC) to get access to this information. They also are directly communicating with the business community and can facilitate the exchange of information back to government officials. See the Crisis Communications chapter for more information on communication and outreach strategies. More advanced efforts to implement the one-stop center concept include initiatives that seek to establish *pre-disaster* capabilities that integrate business assistance resources during "peace time." The value with this effort is that it builds a day-to-day familiarity and trust between the business community and the EDO (often through the business retention and expansion program). That familiarity and trust can be powerful influences to enable more businesses to take advantage of the available resources and establish mechanisms to improve upward and downward communication.

The one-stop center design *must* be responsive to the needs of the business community. For this reason, EDOs need to build a clear understanding of what approach will be most effective. For example, should the one-stop have a "brick and mortar" footprint where business owners/managers go to for assistance? Or should the one-stop be virtualized where the business counselor comes equipped with the technology, information, and connectivity to go door-to-door engaging local businesses? Also, which services should be integrated as a service offering? Will there be dedicated connectivity with any one of a wide range of resources covering legal, taxation, zoning, permitting, capital access, workforce, or relocation assistance?

### Who Is Involved?

An economic development professional often takes responsibility for establishing the center, in cooperation with local, state, and federal partners, so that representation includes the local small business development center (SBDC) and SBA representation. In some states, SBDCs might take this leadership role. For more rural areas, the U.S. Department of Agricultural (USDA) is likely to have representation at the center (see Greensburg, KS example).

Business recovery one-stop centers are typically staffed by representatives of the SBA in partnership with banks that are SBA lenders and the local small business development center (SBDC). Other representation may include other type of alternative lenders such as the CDFIs, SCORE, specialized technical assistance counselors, chambers of commerce, workforce development entities, and other local organizations that provide financial or technical assistance to small businesses.





## Steps for Establishing a Business Recovery One-Stop Center

The steps for establishing a business recovery one-stop center are outlined below. Ideally, a community will have conducted some pre-disaster preparation activities and talked about the process and lead agency for establishing a BRC.

### **Step 1: Gather resources for financial and technical assistance.**

Begin contacting community stakeholders as quickly as possible to document what resources are available. This includes any local organization that provides financial or technical assistance to small businesses: SBDCs, community colleges and universities, local financial institutions, workforce development agencies, and resources from chambers of commerce, trade associations, and economic development organizations.

Typically, this information is collected and updated on one website, whereby all the other partnering organizations link and refer to. Hard copies of a flyer or brochure with these listed resources can distribute by hand to impacted businesses through a variety of methods such as distributing to the police or identifying other volunteers.

### **Step 2: Select a physical space that is centrally located. The location should be separate from FEMA's disaster recovery center (DRC).**

Communities typically establish a physical business recovery center in the most impacted area to provide close access to affected businesses. After being struck by a major hurricane in 2004, Polk County identified a mall location that was un-impacted to locate their center. Economic development and chamber staff, SBA loan officers, SBDC representatives, and other organizations providing complimentary services were co-located in this central setting. Examples include conference space of a local business, vacant retail space in a mall, a temporary trailer, etc. The method for employing a virtualized model is slightly different where the location of the "home base" is less relevant than the mobility, connectivity, and training of the business counselor.

Since many small businesses have their personal property (e.g. home) linked with their businesses assets, it will often be important for the EDO to work with the state office of emergency management and FEMA to ensure appropriate referrals are being made to business owners who come to a DRC first as a homeowner but will likely need business assistance as well. EDOs should also be prepared to equip and maintain a business recovery one-stop center at varying levels of intensity over a flexible period. Often many businesses encounter rebuilding barriers long after many local assistance centers have long since shutdown. This leaves them without a clear direction to focus their efforts to address their rebuilding and recovery challenges.



### Case Study: Understanding & Addressing Business Needs in Joplin, MO

Following an EF-5 tornado destroying almost one-third of the city in 2011, the regional chamber immediately sprung in the action to connect with local businesses in a direct and personal way. Within a week of the tornado, the chamber staff walked the streets to reach business owners, to console, as well as let them know the chamber would provide recovery support in their time of need. By circling the destroyed area day in and day out, staff made contact with all 530 employers within three weeks. While many business owners were too shell-shocked to share their plans to stay and rebuild, they appreciated the personal outreach and most stayed in close contact with the chamber. Knowing that they were not alone, that someone cared, and that someone was in charge with a recovery plan made employers more willing to rebuild.

This direct outreach was followed up by the establishment of a one-stop shop for business recovery needs: The chamber immediately set up a business recovery center at its offices, where the Small Business Technology Development Center office and a business incubator already were located. They invited representatives from relevant groups – such as the SBA and IRS, which have disaster assistance programs for businesses – to set up there as well. The center was able to offer technical business advice including how to prepare an SBA loan application and provide the appropriate supporting financial records as well as redirecting them away from financial products they didn't need.

For more information on Joplin's recovery, see [Case Study Appendix 1](#).

### Step 3: Identify resources to increase staff capacity for business recovery center operations.

Providing sufficient staff capacity for a business recovery center can be an intimidating barrier for many EDOs during “peace time,” let alone after a major disaster. After a disaster there will likely be immediate demands for staff time, responses required to inquiries from all levels, and EDO staff themselves might be personally impacted. Despite these challenges, there will be a need to staff these resources in order to respond to businesses' immense recovery needs.

One way EDOs have been successful in meeting this demand is looking at the stand-up of the business recovery center to be an extension of their existing mission. By folding this responsive capability into their existing mission it often becomes more plausible to engage in pre-disaster planning, building resource-sharing partnerships, and establishing recovery networks.

As an example, following Hurricane Katrina, a number of EDOs and chambers used the DOL's National Emergency Grants (NEGs) through the Workforce Investment Board (WIB) to fund temporary staff for a center. While traditionally used for cleanup activities, these grants also help provide financial assistance for additional staff to work on humanitarian efforts. It is recommended that you contact your state's Department of Labor (DOL), federal agency representatives at U.S. DOL, or your local workforce investment board to find out if there are plans for what temporary positions might be targeted if an NEG grant is received in the future.

**Step 4: Setup a hotline for business recovery.**

It is recommended that a hotline for businesses be established so that individuals can call with their business concerns. This is discussed in further detail in the Crisis Communications chapter.

**Step 5: Start marketing the services to local businesses through both traditional and grassroots methods.**

It is recommended that the lead organization develop a marketing and promotion campaign to advertise the business recovery center's location and services. Consider traditional methods, such as a reference on your organization's website homepage, making presentations at community and local industry association meetings, as well as local media channels such as radio, print newspaper and TV advertisements.

It is also recommended to consider promoting key information through more alternative promotion methods, such as: canvassing flyers directly to impacted businesses and distributing flyers to local chambers, business organizations, city hall and other local government officers to further dispense.

**Step 6: Prepare the paperwork.**

Provide business recovery materials and loan/grant applications in relevant languages to assist major demographic groups in your community. In a Florida community, for example, the business recovery center also provided documents in Spanish and French. If there are common forms or loss documentation required by major local insurers, responsible parties, or others to receive assistance, the center should become intimately familiar with the requirements and parameters for how to assist others in completing the necessary paperwork. The most common reason for disaster loan application rejection is inadequate documentation.

**Step 7: Train staff to be sensitive to mental health needs.**

Consider holding a brief training session or offering mental health services to the counselors providing services for center staff. The psychological impacts of disaster can be great – especially if there is a large social and humanitarian component. It is important that business counselors learn to pay attention to the needs of others, identify the warning signs that may appear, and connect those individuals with adequate mental health care workers who can assist. Often the most important resource referral a business counselor can make to the business owner after a disaster is to crisis counseling assistance. Also, it is important that those managing the center monitor their staff as well. The level of effort, trauma of the incident, and steady flow of working with impacted business owners can rapidly cause harm to business counselors themselves. Building in staff rotation schedules, externally forced time away from front-line duties, and offering simple, supportive elements (like light refreshments) can be critical to sustaining center activities for the duration needed.

**Step 8: Plan for the long term.**

Depending on the nature and magnitude of the disaster, communities should have the BRC up and running within a week of the event. In some cases, communities have quickly established them just a few days after the



event. Jefferson Parish, a community adjacent to New Orleans, established their “One Recovery Center” within two weeks after Hurricane Katrina with the help from community partners. Approximately 5,000 businesses were served over the year in terms of counsel on how to apply for SBA Disaster Loans or connecting with other sources of financing and technical assistance.

Be prepared to keep the center open in a way that is flexible to the demand of the businesses in the community. For some disasters/communities, establishing a brick-and-mortar center is critical in the first four months after a disaster, after that a virtualized option may be the most effective. Consider applying for state, federal, and foundation/non-profit grants to fund center staff and operations.

### **Establishing a Business Recovery Center in Hancock County, MS**

Hancock County is the southernmost county in Mississippi with a population of approximately 43,000 with the county seat of Bay St. Louis. Hurricane Katrina ravaged this county, causing the deaths of 200 people, devastating 75 miles of beachfront, destroying thousands of homes and businesses, and cutting off the community in terms of transport and communications with damaged bridges and downed power lines. Approximately 1,800 businesses were impacted by the storm, with over 50 percent severely damaged or destroyed. Long-term business owners found themselves having to start from scratch in a post-disaster environment plagued with rising insurance and construction costs.

Despite reduced capacity, the Hancock County Chamber of Commerce quickly acted and emerged as a key provider of business assistance. With help from the Mississippi Development Authority (MDA), the Chamber established the first Business Assistance Center on the Mississippi Coast, bringing all of the resources for small businesses together under one roof. According to the Chamber president, Tish Williams, the Chamber “served as the ‘window to the world’ for [their] businesses and residents--- providing access to the internet, and phone and fax services”.

Their organization looked to provide all of the business support services in one central location – housing



### Case Study: Business Recovery in Polk County, FL

Polk County realized that it needed to establish a one-stop shop for business assistance services to retain businesses and prevent business closures or relocations following three successive hurricanes in 2004. As the storms impacted mostly the eastern section of the county, the Economic Recovery Team determined to locate the center in that area. The business recovery center was set up in the Eagle Ridge Mall, in a separate storefront from FEMA's disaster recovery center. Lake Wales Chamber of Commerce and the mall provided assistance in setting up. Small Business Administration (SBA) loan officers and the SBDC were co-located at the center as well.

And out of the ashes, the phoenix rises. Hancock County has proven itself resilient in terms of redeveloping two downtowns, establishing a main street program, rebuilding businesses, homes, bridges and beachfront, attracting 200 resident artists to the area, and developing increased capacity at the Chamber's new 501(c)3 foundation to provide ongoing financial and business counseling services.

For a copy of a business recovery center plan for the community of Hancock County, MS, which was the first county in Mississippi to establish a business recovery center following Hurricane Katrina in 2005, visit <http://restoreyoureconomy.org/wp-content/uploads/2013/02/Model-for-Business-Recovery-Center.pdf>

The proposal for the Center of Excellence for Business and Community Recovery in Hancock County, MS is included in [Resources Appendix 7](#)

### Resources for Business Recovery Centers

The U.S. Department of Housing and Urban Development's **Community Development Block Grant (CDBG)** program can help fund capacity after a disaster. CDBG disaster grants target cities, counties, and states in presidentially declared disaster areas and low-income communities. The grants can be used for a variety of functions, including housing, economic development, infrastructure, and prevention of further damage.

The U.S. Economic Development Administration's **Economic Adjustment Assistance** program can provide flexible funding to hire staff resources, planning assistance, and even construct a facility to support long-term economic development and recovery. In addition, this program can also fund the capitalization of a Revolving Loan Fund (RLF) that can provide additional capital resources for impacted businesses.

The U.S. Small Business Administration's network of **Small Business Development Centers** receives regular funding from SBA, the state, and often a higher education institution where they're hosted. Any one of these funding sources, including SBA, have increased funding levels or allowed for adjustments to existing funding to provide additional business assistance resources to support a business recovery center.



## Mobile Assistance Resources

A business recovery center is a great means to have a one-stop shop for disaster recovery resources. Often after a disaster though, business owners time is consumed with short-term recovery priorities, and they may not have the extra time to visit a resource center. This is where mobile business recovery resources can assist. Having a mobile unit of disaster recovery resources allows business owners to stay in place and have the services brought to them. This is especially helpful in rural areas where driving times can be a prohibitive cost to businesses. Bringing a mobile unit to a rural town can save multiple business owners/managers time and allow them to remain at their business.

For those communities that are not able to develop a mobile unit, a case management team system is a service approach that can address the needs of the businesses. Case management programs can be established within the first few weeks of a disaster. Whereas a BRC carries out disaster recovery functions through a centralized physical location (or several locations), the case management approach involves dispersing recovery staff to individual businesses. Similar to BRE site visits, case management allows a business to receive assistance on its timetable and its turf. Each case may last up to several years, and case managers follow through with each client until the recovery plan is completed.

The following three case studies are examples of how communities went out to the business to provide support outside the business recovery center.

### New York City Restoration Business Acceleration Team

The City of New York has established the NYC Restoration Business Acceleration Team (RBAT) to assist businesses affected by Superstorm Sandy by coordinating the services, permitting and inspections needed to reopen as soon as possible. RBAT builds upon the expertise of the New Business Acceleration Team (NBAT) which has helped more than 1,000 businesses employing more than 10,000 people open more quickly.

Learn more about the NYC RBAT in [Resources Appendix 8](#).





### Case Study: Tailoring Assistance to Meet Local Business Needs in Cedar Rapids, Iowa

After the 2008 floods in the Midwest, business stakeholders in Cedar Rapids, Iowa, spearheaded an initiative to help businesses recover. The initiative, Business Long Term Recovery (BLTR), grew from the Small Business Recovery Group, which was formed by the Cedar Rapids Chamber of Commerce and the local small business community. To support this initiative, the Small Business Recovery Group secured \$750,000 over two years in CDBG grants and private donations. BLTR launched about 18 months after the flood with “a mission to ensure the survival and growth of flood-affected small businesses and the jobs associated with them.”<sup>1</sup>

Under the BLTR model, case managers worked directly with businesses to connect them to resources that helped with immediate operational needs and positioned their business for the long term. Case managers were seasoned business owners and managers who came from media, accounting, finance, and human resources backgrounds, and most had over 20 years of experience in their respective fields. Other than brief consultation with SCORE and SBDC, the case managers received no training other than their personal business experience.

The early-stage efforts of the business case management team focused on building databases and developing an initial assessment tool for one-on-one meetings. The team developed a comprehensive list of flood-affected businesses and contact information using Microsoft Business Contact Manager (BCM). After generating contacts, case managers quickly developed a “Needs Assessment” form to document damages and priority needs of each business. Within the first three weeks, case managers conducted meetings with 29 business owners in their place of business to test and refine the initial assessment process.

The case management team developed a larger business recovery network by forming partnerships with SCORE, the Small Business Development Center and the Safeguard Iowa Partnership. This collaborative effort helped to widen the services and resources offered to flood-impacted businesses. A great deal of the work done by case managers involved funding advocacy, especially getting funding assistance through the federal JumpStart 2 program. There were also monthly recovery and growth workshops that addressed business topics such as sales, marketing, tax planning, and disaster planning.

Over two years, the case managers reached out to 1,230 businesses to assess their flood status and recovery needs. About 85 percent of the companies contacted took advantage of in-person appointments. After working with hundreds of companies, however, it became apparent that grant assistance and funding advocacy were most needed. The State of Iowa advocated and received a total of \$85 million in grants from Congressional appropriations. The business recovery fund for Cedar Rapids totaled approximately \$6 million, with contributions from local and state sources.

The case management approach employed by Cedar Rapids contributed to improved business survival rates. The Cedar Rapids post-disaster survival rate for businesses was 82 percent after years, almost double



the national rate of 45 percent. While the initiative ended in 2011, five case managers are still working on Post-Katrina, the mobile unit worked with over 350 businesses and after Hurricane Rita, an additional 150 businesses received business recovery services. Three years later, after hurricanes Gustav and Ike, the mobile unit assisted an additional 200 businesses. The mobile classroom deployed yet again after the Horizon Deepwater Oil Spill. The mobile unit continues to provide business recovery services and information after each hurricane and the LBTC works daily to make businesses more resilient to disasters.

### **Case Study: The Louisiana Business & Technology Center Mobile Classroom**

The Louisiana Business and Technology Center's (LBTC) mobile classroom at LSU is a converted semi-trailer that seats up to 24 entrepreneurs and business owners. The mobile unit hosts workshops in leadership development, entrepreneurship training, marketing in the 21st century, basics of federal contracting, basics of lean manufacturing and how to grow businesses using e-commerce. They seek to provide services to Louisiana's businesses and entrepreneurs in more rural populations by traveling to rural parishes to present various programs.

The LBTC got its start in 2005 after Louisiana State University received a mobile unit to deliver business support, technical assistance, and entrepreneurial training to rural communities in Louisiana. The "Incubator on Wheels" would literally bring entrepreneurial education and technical assistance to underserved areas in Louisiana. This plan, however, was temporarily put on hold when hurricanes Katrina and Rita made landfall and devastated the area. After the hurricanes hit, the LBTC shifted gears and used the mobile unit to deploy the immediate and critical resources necessary for successful business recovery operations.

In addition to providing power and internet, the mobile unit brought business experts to hurricane-impacted businesses in rural Louisiana. The unit was staffed with five trained counselors and six MBA graduate students who provided a number of necessary business triage and advisory services. Faced with distressed business owners, the staff conducted needs assessments, helped clients develop business recovery plans, and connected businesses with relevant experts.

In order to enhance the quality of services and resources offered, the LBTC fostered strategic partnerships with local, regional, and national organizations. One of the key partners was Louisiana Economic Development who provided \$75,000 in funding to purchase laptops, produce materials and hire additional counselors for the program. Moreover, Louisiana Economic Development provided additional business experts to assist the mobile team. Other strategic partners were the Louisiana State University Agricultural Center, Small Business Administration, and the IEDC.



## Financing for Small Businesses

Immediately following a disaster, businesses face the need for working capital to meet payroll, replace damaged inventory and equipment, and fund other operational costs. Yet, small businesses are the ones with the most limited amount of resources. They are often in the position to need financing in the most expedited manner, and yet they struggle with capital access due to a host of reasons including lack of financial documentation, collateral, credit issues, and being perceived as not bankable. In the immediate weeks and months following a major crisis, these small businesses are in desperate need of working capital to get back up and running. Bridge loans provide quick financing to enable firms to start working on rebuilding efforts.

Long-term financing helps businesses rebuild property, purchase equipment and inventory, and reorient their business around new markets (if needed). As long-term recovery sets in, a small or mid-sized firm may have to adjust to a changed local or regional market, and thus may need to reorient its product or service, train its workforce with new skills, find new customers, and seek out new vendors. A local EDO, chamber of commerce, bank, or CDFI can manage these programs to ensure that the program has the capacity to continue in the long run and continues to meet local business recovery needs as they evolve.

It is not uncommon for small business owners to deplete their retirement and personal savings, borrow from family and friends, take out second mortgages on their homes, and max out their credit card borrowing limits in order to stay afloat.

In the case of the 2008 floods in Cedar Rapids, businesses took on an excess of \$120 million of additional debt load, while at the same time experiencing revenue decreases of more than 40 percent. Furthermore, in the current recessionary climate and extended credit crunch, small businesses faced with a major disaster today would likely heavily rely on government assistance in accessing capital and other resources they need to get back on their feet and start the rebuilding process.

The following section will discuss various sources of short and long-term financing mechanisms for business recovery, highlight case examples, and discuss efforts to adapt to meet the specific needs of impacted businesses following a disaster.

### Programs for Short-term / Gap Financing Needs

Traditional loans are considered risky for small businesses in the immediate aftermath of a disaster. In the short term, small businesses need access to gap or bridge financing with low interest and flexible terms. This gap financing provides businesses with working capital until they can secure funds from other sources, such as insurance claims and other long-term financing sources. These funds are typically made in smaller amounts than long-term financing – often ranging from \$5,000 to \$25,000 for a small business. There is much that EDOs and chambers of commerce can do to help local small and mid-sized businesses secure appropriate short-term financing as discussed below.



### Establishing a Bridge Loan Program

Local, state, or federally funded emergency “bridge loans” should be distributed to impacted businesses within the first few weeks after a disaster. A bridge loan is designed to provide no-fee financing with flexible terms so that businesses can have quick access to working capital.

The bridge loan serves as a short-term cash-infusion, which allows businesses to defray short-term expenses and survive until they can be paid back after receiving longer-term financing. Small businesses often use this “gap financing” to assist in their initial recovery efforts including cleanup, rebuilding of damaged property, covering payroll, or replacing destroyed inventory.

After they can rebuild their property and reopen, a second wave of urgent need is the cash flow to cover rent or mortgage, payroll, inventory and other medium-term expenses. Financial assistance to address more long-term needs often includes sources that require more paperwork and authorization. Sources could include insurance claims, local banks, federal loan programs such as SBA, USDA, CDBG, or EDA, renewed profits or other sources of income.

While states like Florida and Louisiana created state emergency bridge loan programs and New York provided a combination of business grants and short-term loans post-September 11th, the majority of states have not set up this structure nor do they have the mechanism for rapidly distributing these funds to businesses.

### Establishing a Business Grant Program

A business grant program targets particularly devastated businesses that are not interested in applying for a conventional loan because of debt concerns. A grant or forgivable loan can help speed recovery when a business is uncertain about rebuilding and incurring more debt. Funding for this program typically comes from local, state, or federal sources such as HUD’s CDBG-DR program.

The State of Iowa created the Jumpstart Iowa Small Business Assistance Program to provide short-term financing to small businesses before an anticipated \$85 million CDBG grant was scheduled to be disbursed. The Jumpstart program was financed through \$20 million from the State of Iowa, and it provides forgivable loans up to \$55,000 per business. The loans are forgiven if a business reopens its doors

#### Florida’s Bridge Loan Program

The most well-known bridge loan program was established in 1992 in the aftermath of Hurricane Andrew. The Florida Small Business Emergency Bridge Loan Program is activated by the Governor of Florida only in their emergency declaration. Providing an expedient cash flow to disaster-impacted businesses, loans are made interest-free, and range from \$1,000 to \$25,000. Eligible applicants are small businesses with less than 100 employees in counties impacted by the disaster. Loans must be repaid within 12 months.

The program has been activated 13 times since. To date, the program has made over \$27 million in total loans to 950 small businesses. Repayment either comes in the form of profits from a revived businesses, payment of insurance claims or long-term loans provided through public or private sources. The fund is supported by General Revenue funds from the state.



within 12 months of receiving the loan. The requirement also included that businesses have already obtained a disaster loan from the SBA, or another federal- or state-chartered financial institution, ensures that grants only go to viable businesses. Other provisions common to forgivable loan programs include claw-back provisions<sup>18</sup> and requirements to meet certain employee retention targets or relocation limitations.

### **Establishing a Revolving Loan Fund (RLF)**

Another important role of EDOs is to establish financial programs that provide critical recovery funds to impacted businesses that cannot access traditional sources of financing. Revolving loan funds (RLFs) are well structured for long-term financing since the repayment of old loans can be used to finance new loans. RLFs can be established using federal funds (EDA, HUD's CDBG-DR, USDA) or by local and state funds such as the Louisiana Revolving Capital Fund. These funds are often established to provide alternative financing to businesses that wouldn't qualify for loans by private financial sources.

Disaster-impacted communities have been creative to combine together funding from a variety of sources including federal agency sources and other public and private resources to create revolving loan funds to meet their recovery needs.

The EDA Revolving Loan Fund Program awards competitive grants to local and state governments and other development organizations to establish RLFs. HUD's CDBG program can also be used to fund RLFs. They typically target job creation specifically for low and moderate-income individuals.

As an example, JEDCO in Jefferson Parish, Louisiana (next to Orleans Parish) applied for supplemental funds from both U.S. EDA and HUD's CDBG Disaster Recovery program to further support their existing revolving loan fund (RLF). It is estimated that over 70,000 businesses were displaced in Louisiana as a result of Katrina. Within two weeks of the storm, EDA quickly provided them \$2 million in new RLF funds with favorable terms to assist businesses.

In contrast, the CDBG-DR funds took approximately two years to establish after the storm. There were numerous changes to terms and audits caused delayed deliverables. Finally, in the second phased of the program, three years after the storm, they were able to construct a program with less complexity. Over the period of several years, JEDCO's RLF distributed approximately \$50 million in loans to hundreds of small businesses that critically needed the funds for recovery. Their business recovery center served businesses in not only Jefferson Parish but also many in the city of New Orleans.

### **Outreach and Working with Local Financial Institutions**

EDOs and chambers should reach out to a variety of lending sources such as local banks, credit unions, CDFIs, and other alternative financial institutions to identify available lending products, financial terms, and the

<sup>18</sup> Claw-back provisions are requirements in the loan that commit the recipient to meet certain requirements during a fixed timeframe or the loan will be required to be paid back in a shorter time period. Typically this is intended to serve as a deterrent to fraud, abuse, and local firms using these funds to relocate out of the local market.





reasons behind funding gaps. This information can prove useful in educating local businesses on the various sources of local funding available to them as well as determining if there is a need for additional alternative sources of funding.

It is recommended that chamber and EDO leadership hold discussions with decision makers at local banks about potential solutions to the lending challenges that small businesses are facing. Local banks are unlikely to want to take on high-risk loans with small businesses that do not appear bankable on paper – particularly in a post-disaster environment where local markets may not be functioning properly.

### **Case Study: Creative Revolving Loan Funds in Grand Forks, ND**

In Grand Forks, North Dakota, following their 1997 flood, over 80 percent of the city was submerged in water, including the downtown. A major fire followed suit. In total, the flood and fire caused nearly \$2 billion in damage. The city quickly established inter-departmental groups and identified a business recovery task force as one of the areas of focus. Consisting of business leaders and local government officials, the business recovery task force identified economic assistance to small businesses and business retention efforts as two initial priorities.

Grand Forks received CDBG-DR funds, which were used to establish a Grand Forks Growth Fund (GFGF) which provided three things: bridge financing of up to \$20,000 until an SBA loan could be approved; funding for disaster-related needs not fully covered by an approved SBA loan; and assistance to businesses that were declined in receiving an SBA disaster loan. This working capital loan had a partial forgiveness feature. If the business recipient remained in business in Grand Forks for three years, then the program would forgive 25 percent of the loan.

These GFGF loan amounts of up to \$20,000 could also be used to back SBA funds, which enabled a larger number of impacted businesses to get access to low interest loans that they normally wouldn't have the collateral to qualify for. SBA approved approximately 1,889 loans totaling \$85 million for both the physical and economic losses of small businesses in Grand Forks. City administrators indicated that federal officials looked to craft flexibility in their programs in order to help impacted businesses.

The city's economic development department also established a \$2 million revolving loan fund (RLF) from the U.S. Economic Development Administration. Both RLF programs served to complement each other.

*For more information about Grand Forks, see [Case Study Appendix 6](#).*

Private banks ought to consider creative options for lending that enable taking an equity position in the business in exchange for the business receiving a low-interest or forgivable loan. This equity stake in a small to midsize business would provide an appropriate incentive for a small business owner to repay the loan, so the funds would continue to circulate in the local economy.





A precedent for this type of post-disaster small business assistance program was established by the private sector after the 1992 Rodney King riots in Los Angeles. Bank of America developed a \$25 million small-business rebuilding program for locally owned businesses combining the best characteristics of loan and equity investments.

Local businesses suffering physical damage from the riots received up to \$100,000 in loans at below-market interest rates in exchange for Bank of America entering into equity partnerships with these merchants. These loans provided terms specifically for destroyed businesses, and the underwriting and credit analysis was flexible to distribute money quickly. The loans required repayment in five years or the business had to give up equity. The bank had a high repayment rate because small business owners did not want to lose equity in their business.

### CDFI and other Alternative Financing

Private and nonprofit community development financial institutions (CDFIs) and other small business assistance providers can play a critical role in nimbly and quickly deploying funds, but they have limited resources with which to do so. With the appropriate capital, loan loss and operating support, these private financial partners can assist small businesses through the lingering effects of a catastrophic event, particularly at a time when the market is unwilling to invest with so many unknowns.

### Creating a Bank Consortium

Before a disaster strikes, EDOs can bring local banks to the table to discuss the possibility of creating a bank consortium to provide a pool of funds for business recovery in the event of a future disaster. It is in the best interest of the banking community to help the local economy to recover so they can maintain a healthy source of banking customers. They don't want to see customers default on their current loans or demand for financial products dry up. The best time to discuss financial products, terms, and limits for lending to disaster-impacted businesses is during "blue sky" periods. Bankers can look to evaluate how to develop affordable, flexible terms to businesses while not breaking the bank.

Post-disaster lending is critical in helping the local economy get back on its feet, and private financing plays a key role in that process. While federal loans and grants are invaluable sources of financing when a local community or region has exhausted local sources, they are insufficient in meeting local needs. Federal lending programs can take a long time for funds to be appropriated and come with a number of strings attached in terms of federal requirements. Furthermore, communities may have to wait months for these funds to come through and thereby waste valuable recovery time. Private financial institutions can meet local business needs in a quick manner.

In Galveston, Texas, the lead economic development organization, the Galveston Economic Development Partnership (GEDP), met with local banks shortly after Hurricane Katrina in 2005 to discuss how these lenders could pool funds to assist local businesses if a hurricane were to strike the barrier island. At the time, local officials and bankers were unaware that Hurricane Ike would devastate the barrier island and surrounding area.



just three years later. The end result was a multi-million dollar fund to provide local businesses with working capital (cleanup and emergency repairs) after a disaster.

The pro-active measure of creating a bank consortium helped contribute to the resiliency of Galveston businesses. After Hurricane Ike struck Galveston in 2008, the fund was deployed immediately to assist small and mid-sized firms with pressing capital needs. While not all local businesses qualified, many had access to needed working capital.

## Federal Sources for Small Business Financing

### U.S. Small Business Administration (SBA)

SBA's Disaster Loan Program serves as a major source of business recovery assistance after a disaster. The SBA Office of Disaster Assistance's mission is to provide low interest disaster loans to homeowners, renters, businesses of all sizes, and private, nonprofit organizations to repair or replace real estate, personal property, machinery and equipment, inventory and business assets that have been damaged or destroyed in a declared disaster.

SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small businesses.

With upgrades in its technology and reforms in its processes, the SBA has shortened the distance between application submittal and the time to approve from two months after Hurricane Katrina to approximately two weeks recently. To learn about SBA in your area please visit <https://www.sba.gov/about-sba/sba-locations>.

### Business Physical Disaster Loans

SBA makes physical disaster loans of up to \$2 million to qualified businesses or most private nonprofit organizations that are located in a declared disaster area. The loan can be used on the following repairs or replacement:

- Real property
- Machinery
- Equipment
- Fixtures
- Inventory
- Leasehold improvements

The SBA Business Physical Disaster Loan program covers disaster losses not fully covered by insurance and provides a lower interest rate for businesses unable to obtain credit. Repayment terms can be up to 30 years, depending on the applicant's ability to repay. There are incentives if you help reduce the risk of future property damage caused by a similar disaster. For more info on eligibility and terms, visit <http://www.sba.gov/content/business-physical-disaster-loans>.



### **Economic Injury Disaster Loans (for working capital)**

There is the SBA Economic Injury Disaster Loan (EIDL) program for small businesses, small agricultural cooperatives, and most private nonprofit organizations that have suffered substantial economic injury. If small businesses are unable to meet their obligations and to pay their ordinary and necessary operating expenses, EIDLs are available to provide the necessary working capital to help small businesses survive until normal operations resume after a disaster. Currently, SBA's limits on these unsecured disaster loans, which do not require collateral, are \$14,000 for physical damage and \$5,000 for economic injury. There is discussion about raising those limits to \$25,000 for both physical damage and economic injury. Regardless of whether the business suffered any property damage, the loan amount will be based on the business' actual economic injury and the company's financial needs. For more info on eligibility and terms, visit <http://www.sba.gov/content/economic-injury-disaster-loans>.

### **U.S. Economic Development Administration (EDA)**

EDA's role in disaster recovery is "to facilitate delivery of federal economic development assistance to local governments for long-term community economic recovery planning, reconstruction, redevelopment, and resiliency. EDA offers this assistance directly to impacted communities in the form of grants for strategic planning, infrastructure, capital for alternative financing (i.e. revolving loan funds), economic development and redevelopment projects, and funding for disaster recovery coordinators. EDA regional offices work directly with local communities through an established network of economic development districts (EDDs).

While EDA is a smaller source of disaster recovery funding compared to programs like HUD's CDBG-DR, IEDC interviewees noted that EDA grants were more flexible sources of economic recovery funding because of the comparatively more limited amount of federal requirements and ease of grant compliance.

### **HUD's Community Development Block Grants for Disaster Recovery (CDBG-DR)**

HUD's Office of Community Planning and Development (CPD) administers the agency's Community Development Block Grant for Disaster Recovery (CDBG-DR) program, which has served as the major source of recovery funds for most presidentially-declared disasters over the past 25 years. CDBG-DR grants target cities, counties, and states in Presidentially-declared disaster areas and low-income communities. The grants can be used for a variety of functions, including housing, economic development, infrastructure, and prevention of further damage. In addition to helping supplement other federal disaster recovery funding resources such as the U.S. Small Business Administration's (SBA) Disaster Loan program, CDBG-DR's main purpose is to rebuild disaster-impacted areas and provide communities with vital seed funding to begin the recovery process.

CDBG-DR funds can only be used for "necessary expenses related to disaster-relief, long-term recovery, and the restoration of infrastructure, housing, and economic revitalization." After a disaster, CDBG-DR funds have often been used to establish a revolving loan fund (RLF) or to provide forgivable loans to small businesses. In the first 18 months, grantees can demonstrate that a project or program addresses the national objective of urgent need but otherwise needs to meet that it is benefiting people of low and moderate income (LMI). For more information on federal requirements associated with the CDBG-DR program, see IEDC's publication, *Federal*



*Disaster Recovery Funding: Minimizing Roadblocks to Maximize Resources*, which is available as a free download on [RestoreYourEconomy.org](http://RestoreYourEconomy.org).

In interviews with economic development professionals that have used CDBG-DR grants after a disaster, the most frequently cited concerns are difficulties with meeting one of the three national objectives, particularly the LMI requirement, and the significant amount of compliance paperwork that the program requires. For more information the CDBG-DR program, visit [www.hud.gov/offices/cpd/communitydevelopment/programs](http://www.hud.gov/offices/cpd/communitydevelopment/programs)

### **USDA's Rural Development Disaster Assistance**

USDA Rural Development offers federal funding resources for post-disaster community economic recovery purposes that fall within three categories of business programs: (1) revolving loan funds and technical assistance; (2) commercial lending; and (3) energy programs. USDA Rural Development's assistance programs provide financing and technical assistance for setting up revolving loan fund programs, working capital loans, real estate, financing programs, economic development planning, business development, real estate feasibility analyses, construction, capital improvement, and machinery or equipment purchases.

USDA Rural Development also provides guaranteed loans to enhance the "economic climate" of rural communities by generating or maintaining employment. USDA Rural Development's energy programs focus on renewable energy, energy efficiency, biomass, biorefinery, and bioenergy projects. For more information, visit [http://www.usda.gov/wps/portal/usda/usdahome?navid=DISASTER\\_ASSISTANCE](http://www.usda.gov/wps/portal/usda/usdahome?navid=DISASTER_ASSISTANCE)

You may also visit one of the USDA offices throughout your state to learn more and find assistance with applications. You can also locate your Rural Development state office by visiting: <http://www.rd.usda.gov/browse-state>.

### **U.S. Treasury Department's Community Development Financial Institutions (CDFI) Fund**

The purpose of the U.S. Treasury Department's CDFI Fund is to invest federal funds into Community Development Financial Institutions (CDFIs), which serve lower-income communities that lack sufficient access to affordable financial services. The CDFI Fund offers two funding options to CDFIs: Technical Assistance awards and Financial Assistance awards. These financial institutions work toward the following objectives:

- Promoting economic development, job creation, and development of businesses and commercial real estate;
- Promoting home ownership and affordable housing development; and
- Providing financial services for community development (e.g., financial literacy programs, alternatives to predatory lending, and basic banking services).

After a disaster, CDFIs can offer crucial alternative financing and technical assistance to local small businesses. CDFIs have become increasingly important contributors to the economic recovery process as their financial terms generally offer greater flexibility to suit small business needs. Following Hurricane Sandy, local CDFIs were able to provide bridge (or "gap") financing in the form of modified renovation loans to disaster-impacted



businesses. This alternative financing source was critical for quickly getting funds to small businesses while these businesses waited for traditional sources of disaster financing such as insurance settlements.

### **U.S. Department of Labor’s Employment and Training Administration’s National Emergency Grants (NEGs) for Disaster**

The purpose of National Emergency Grants (NEGs) is to fund “innovative strategies that assist dislocated workers, and the communities in which they live and work, recover economically from the effects of plant closures and mass layoffs. The NEG program funds one of four eligible layoff events: (1) a single company layoff of 50 or more workers; (2) multiple company layoffs, where 50 or more workers from each company are dislocated; (3) industry-wide layoffs; or (4) layoffs affecting an entire community (Community Impact), where there are multiple small dislocations (50 workers or less from each company).

The Disaster NEG program provides funding specifically for the creation of temporary employment to assist directly with disaster cleanup activities for the first six months from the date the grant is awarded. As referenced above, local communities have used these grants also to help hire temporary staff to engage in business recovery activities. A state can include a component for employment-related services in its fully documented plan or modification request. Disaster NEGs are only available to state governments and local investment boards and require that FEMA has declared a disaster area eligible for public assistance. For more information or to determine if your community has access to these funds, contact your local workforce development board. For more information on the program, visit <http://www.doleta.gov/neg/>

### **Disaster Assistance and Emergency Relief for Individuals and Businesses from the IRS**

Taxpayers who are adversely affected by a presidentially-declared disaster will qualify for tax relief from the Internal Revenue Service (IRS) that includes a postponement of tax filing as well as being able to claim losses on previous year taxes. It is made possible by a special tax law provision, which is established for major disasters that have been presidentially declared. The source of a tax refund that could be mailed as soon as two months following the filing of paperwork can be an important source of financial relief as well as help small businesses with needed funds for working capital.

Businesses in a federally declared disaster area can get a faster refund by claiming losses related to the disaster on the tax return for the previous year, usually by filing an amended return. The IRS offers resources on their website including videos and audio presentations on planning for a disaster. They discuss important topics such as business continuity planning, insurance coverage, record keeping and other tips for small business owners after a disaster.

The IRS hotline at 1-866-562-5227 is available Monday through Friday, 7am to 7pm to provide explanations on filing and payment relief. <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Disaster-Assistance-and-Emergency-Relief-for-Individuals-and-Businesses-1>



## Working with Federal Requirements and Duplication of Benefits

When using federal funding sources, economic development professionals should have a clear understanding of the requirements of, and waivers for, various federal programs as they will need to mitigate conflicts between these requirements when assembling such funding packages. Some federal requirements can be waived, but federal agencies require an often lengthy justification process in which applicants must provide detailed and formally documented explanations for why exceptions to these requirements should be made. For more information on requirements associated with federal programs for post-disaster economic recovery, see IEDC's report on [RestoreYourEconomy.org](https://RestoreYourEconomy.org): *Federal Disaster Recovery Funding: Minimizing Roadblocks to Maximize Resources*.

They also need to understand and address Duplication of Benefits (DOB) issues. Another important issue to be concerned about when managing federal funds for disaster recovery is to understand and address Duplication of Benefits (DOB), which prohibits federal funds from different programs to be used for the same purpose. In the event of a major catastrophe, disaster assistance and programs from the public and private sector help to ensure that residents and businesses can rebuild or relocate their property.

Federal assistance programs cannot duplicate benefits provided by other sources, including those provided by other federal agencies, or this would be considered a duplication of benefits (DOB). At times, local communities, EDOs and chambers of commerce have complained about the administrative burden that is placed on local organizations in proving there is no DOB. Make sure your organization has properly researched this issue and has reporting systems in place to demonstrate your addressing any DOB issues.

## Delivering Technical Advice and Counseling to Impacted Businesses

### One-on-One Business Counseling

Businesses often need wise counsel following a major incident on critical decisions they should take to reconstruct or salvage their business operations. In the wake of a disaster, new market realities emerge, and a host of both opportunities and challenges present themselves to the impacted markets. In this unsettling environment, small business owners need counsel on navigating through the waters so they avoid pitfalls and pursue opportunities that will ensure the survival of their business.

When faced with a crisis, they need sound business advisers that can help them work through their problems and connect to the best resources given the condition of their firm. They need counsel on whether or not they should take on further debt - particularly if their financial records are not in order, they already have large debt loads, have credit issues, or they appear as not bankable due to other factors. Small businesses need business assistance in the form of business planning, market intelligence, finance and taxes, and how to further market and promote their product.





Local, state and federal funding for business support services are quite limited - and this is acutely felt by small businesses that lack the resources to hire the professional services they need. Both public officials and business leaders need to realize the importance of providing small businesses with needed technical assistance in conjunction with financial services to support the recovery of individual businesses and the overall local economy.

### **Types of Business Counseling Services**

In terms of the type of technical advice that is needed, many counselors /advisers find that small businesses will request assistance with tax and accounting preparation. Others need guidance in preparing their financial records so that they will qualify for some type of loan or grant assistance – either an SBA or USDA loan or a loan product from a private lender or CDFI.

Marketing is an extremely popular topic for all types of businesses. Some discuss the need to trouble-shoot on how to restructure SBA loans or how to request requirement waivers to federal assistance programs, while others ask for helping to resolve relocation issues. Still, business planning and accounting remain critical areas of assistance for most communities.

### **Small Business Development Centers**

The federal government provides business counseling resources by funding Small Business Development Centers (SBDC). SBDCs provide a variety of technical assistance to small businesses and aspiring entrepreneurs by providing no cost, one-on-one professional advising and low-cost training opportunities in the aforementioned subjects. They can provide much-needed technical assistance, but their trained counselors may be better suited for more general businesses. The more specialized the business, the higher the demand for highly specialized market knowledge.

### **SCORE**

Supported by SBA, SCORE is a nonprofit association of thousands of volunteer business counselors throughout the U.S. and its territories that are dedicated to helping small businesses to launch and grow. This is done primarily through mentorship and training. Businesses are matched with an expert in their field; counselors provide free and confidential business counseling either in person or over the phone. Many of the volunteers are retired professionals who have excelled in their businesses and now want to give back to the small business community. SCORE offices can be found by visiting <https://www.score.org/chapters-map>.

### **Manufacturing Extension Partnership (MEP)**

Under NIST, Manufacturing Extension Partnership (MEP) serves as a catalyst for strengthening American manufacturing. MEPs work with small and mid-sized manufacturers to help them create and retain jobs, increase profits and save time and money. They help with innovation strategies to process improvements to green manufacturing. Their purpose is to help manufacturers identify opportunities that will accelerate and strengthen their global competitiveness.



Small Business Development Centers (SBDCs), local business colleges, Manufacturing Extension Partnerships (MEPs), CDFIs and other nonprofit organizations have often partnered to develop a comprehensive list of technical assistance providers or to provide their own staff to advise small and medium-sized businesses. It is important to establish a network of these support organizations that can quickly get to work and provide sound advice with impacted businesses.

### Delivering Business Recovery Workshops

An EDO or chamber can hold workshops to address both common and unique recovery issues to local businesses. Workshop speakers should include representatives from local, state and federal agencies and organizations such as the SBA, IRS, USDA (Rural Business Program), SBDC, SCORE, the local permitting office, and other local professional service advisers such as tax preparers and lawyers. These representatives should be invited to make presentations and answer questions from impacted businesses. It is also important to engage other economic recovery partners (other EDOs, business districts, chambers of commerce and municipalities) in order to create a more extensive network of resources and marketing channels.

The workshops can be implemented on a relatively small budget and can serve local businesses on a local or regional basis. Local government facilities can serve as meeting space, and EDOs and their partners can advertise through existing communication channels.

In the Bay Area of Greater Houston, the regional economic development organization, Bay Area Houston Economic Partnership (BAHEP), conducted a business recovery workshop shortly after Hurricane Ike in 2008. They partnered with eight of the local governments in their jurisdiction to market to local businesses throughout the region. Police were used to walk door-to-door to businesses with flyers advertising the workshops.

The workshops were well-received and well-attended by impacted businesses seeking recovery assistance. Representatives from state and federal agencies, local government officials, and private sector firms attended to provide information on recovery resources and programs. In talking with a public official shortly after the event, the most popular official in the room was the Internal Revenue Service (IRS) representative that shared that businesses could claim tax losses as far back as three years. Businesses in a federally declared disaster can get a faster and larger refund by claiming losses related to the disaster on the tax return for the previous year by filing an amended return.

To assist local businesses following the 2008 hurricane, the Galveston Chamber of Commerce hosted a recovery expo for local businesses only a month following their event. Representatives from FEMA, SBA, small business development centers (SBDCs), chambers of commerce, insurance companies, attorneys, and companies like Best Buy came to discuss how to help affected businesses. In an environment of uncertainty and risk, over 400 local business owners were provided with information on how to navigate through different sources of assistance. This information helped them to evaluate their options and make decisions on whether or not to rebuild on Galveston. The expo served another important function of bringing the business community together to discuss how to get the community on its feet again.



# Chapter V: Business Retention and Expansion Before and After a Disaster

## Introduction

Disasters strike with little or no warning, causing dramatic social, humanitarian, and economic consequences to local communities. Similar to their role in leading economic development and growth day-to-day, economic development organizations (EDOs) and chambers of commerce should play a leading role in facilitating, driving, and enabling both local and regional economic recovery. History has demonstrated through countless major disasters that businesses often have unique and specialized needs that can be best understood and managed through a deliberate and direct outreach effort by economic development and business development professionals.

The economic complexities posed by disasters present a unique challenge to economic development professionals. Businesses are likely to be challenged with responding to sudden and severe changes from their impacted employees, facilities, customers, and suppliers. Communication channels can become disrupted and chaotic. Existing relationships with businesses are crucial during a disaster. Local businesses are likely to call on your organization for guidance and direction, where they have trust and confidence in the organization's legitimacy and authority.

Following a disaster, the EDO and chamber staff will need multiple outreach methods to support impacted businesses, to gather information on how they've been impacted and then to analyze that information to effectively advocate for business recovery needs. The business community will look to EDO and chamber staff for information on the progress of recovery efforts and available assistance.

This chapter presents disaster preparedness steps that will greatly enhance the capacity of an economic development organization to respond to a disaster, and disaster recovery strategies for the EDO to consider and adapt to meet the particular needs of their own community. The case studies outline effective practices from the field in which strong post-disaster business retention efforts spurred local recovery. An EDO's business retention and expansion program should include disaster preparedness steps and recovery plans should the disaster occur.



## Business Retention and Expansion

Business retention and expansion (BRE) is one of the key services of any EDO. The primary objectives of a BRE program are to

- Understand the needs of specific local firms, especially those firms that are at risk of closing or relocating;
- Respond to those needs using a wide variety of services, such as technical assistance, workforce development, financing, and building new markets; and
- Address local issues that detract from a healthy business climate in which local businesses can prosper and grow.

Either through personal visits, surveying, focus groups, going door-to-door or other methods, an economic development professional will seek to understand the needs of local businesses and respond to those needs. BRE efforts build strong relationships with businesses and develop a deep understanding of their opportunities and challenges they face.

Since the BRE program is intended to provide a wide range of services to address the individual needs of businesses (whether they're expanding or retracting), their application in pre-disaster resilience and post-disaster recovery can become very useful. At a minimum, it creates a trustworthy communication network that can provide time-sensitive information about the community outlook off of which businesses need to make decisions. The timeliness of this information is particularly important since many businesses (of all sizes) will be forced to make decisions about their opening, re-opening, closure, or relocation whether or not they know all the facts about what trajectory the community recovery is headed. EDOs play a pivotal role in advocating for the needs of businesses and relaying pertinent information about resources, restoration timetables, and recovery plans. It is far better for a business to make their decision (regardless of the outcome) having all the facts about what is going on around them than to stay without it.

From a well-established network in a BRE program, economic development professionals have the knowledge of local business needs to provide the most appropriate suggestions of private and public resources – either at the local, state and federal level. When a disaster hits, those organizations with existing relationships can facilitate better communication with impacted businesses and elicit trust that the organization will deliver on pointing them in the right direction for recovery resources.

## BRE: Disaster Preparedness & Resiliency

Using a BRE program to build capacity for pre-disaster preparedness and post-disaster recovery can be an effective and flexible way to build the EDOs capacity to be relevant post disaster. The BRE program can be effective in several ways, depending on the needs and capacity of the community. The Disaster Preparedness chapter of this toolkit (chapter III) presents many ways in which an EDO can engage the local business community in disaster preparation. These strategies enhance the community's capacity for recovery, build off



the business network of the BRE program, and strengthen the EDO's BRE program. These types of activities that the EDO will want to consider are to:

- Encourage businesses to develop business continuity plans with measures such as providing business continuity and risk management workshops to small and midsize firms;
- Build an economic response/recovery team from a core team of engaged business leaders, and anticipate and strategize what needs might arise from a disaster event;
- Establish a business recovery fund, so there is an existing vehicle for channeling donations or assistance for business recovery.

Please refer to the Disaster Preparedness chapter of this toolkit for more detail and a full list of strategic activities to engage the business community in disaster preparedness.

Included below is a short list of some of the concepts and targets the BRE program can be effective for pre- and post-disaster.

#### **Pre-Disaster**

- Promoting business continuity planning
- Promoting hazard mitigation investments
- Encouraging business self-assessments for insurance liabilities
- Establish post-disaster recovery plans for mobilizing business community leaders
- Establishing plans and procedures for establishing business recovery centers
- Establishing the integration of business assistance resources from multiple providers
- Establishes a spatial data collection and analytic capability to capture business establishment data
- Establish plans with local utilities and emergency management authorities to facilitate the prioritization of utilities and access credentialing
- Ensure the continuity and availability of the EDO and BRE program resources after an incident

#### **Post-Disaster**

- Deploy business recovery centers (brick-and-mortar or virtual)
- Integrate multiple resource providers with traditional and alternative sources of capital
- Use spatial data to prioritize business outreach efforts
- Facilitate problem-solving for business-level recovery challenges (case management)
- Conduct post-incident impact assessment (through surveys, listening sessions, etc)
- Utilize BRE database to drive regular communication to and from business community
- Convene topically-focused workshops for area businesses related to common post-incident recovery issues

### **Collect Critical Emergency Contact Info from Local Businesses**

When a major disaster strikes, communication channels are commonly disrupted at a time when the community needs them most. EDOs should prepare to have several different ways of contacting local businesses. Disasters can knock out electricity, which means that internet and email are inaccessible. Cell phones can also be down for a period of time, but text functions may still work in an emergency situation. Therefore, EDOs should make sure





to collect the cell phone numbers of key executives in the business community ahead of time. Collecting this information can be built into regular BRE visits by the EDO's outreach team, but be aware that this information can be considered confidential, and some companies can be reluctant to share it. Building strong relationships with businesses can facilitate sharing this confidential information.

Another way of collecting information is through an online registration system. Businesses can register online and provide basic company information and alternative contacts prior to a disaster. If the area is hit by a disaster, this information allows economic developers to contact local businesses, identify the impacts of the disaster, and determine the business community's most immediate needs. Online registration systems can also be streamlined with existing BRE software programs.

### Establish Remote Server to Back up BRE Database

As part of the organization's business continuity plan, an EDO should plan for a backup office location to use in the case of an emergency as well as remote data backup for its computer network. If a BRE database is only stored at the office, the EDO may lose the ability to access emergency contact information, or they may even lose the data permanently depending on damage to their facility. More and more businesses and public agencies are backing up data in remote locations, and EDOs should do so as well. Another option is to host the BRE database in a cloud server, thus making it available from any computer with access to the internet.

### Establish a Tiered System of Business Reentry

In the cases where a residents and businesses have been evacuated due to a major event, creating a tiered system for business reentry is a critical step for ensuring that your existing businesses can get access to their facility in an expedient manner so they can resolve business issues relating to the disaster. This activity is a critical step for the retention of businesses within your community.



Source: FEMA

A tiered reentry system allows a designated person within a business to get immediate or early access to the facility in order to mitigate damages caused by the event, further protect equipment or inventory, and/or to retrieve critical business systems. These efforts can help ensure that the local business is able to weather the storm and recover from a major event. Before the community comes back to the disaster-impacted area, businesses that provide basic necessities such as gas stations and grocers also need early access to the community before residents start coming back to the area.

For additional information on establishing a tiered reentry system that takes into account business and industry needs, see the Disaster Preparedness chapter within this toolkit.





### Convene Local Banks to Establish a Bank Consortium

Post-disaster lending is critical in helping to retain local businesses and encourage them to rebuild following a major event. As discussed in this toolkit, federal sources of lending can take time to reach impacted businesses while private financing can be flexible and move with speed to meet local needs. It is in the best interest of the banking community to assist business and industry with access to capital in order to get the local economy back up and running.

One solution to consider is the creation of a bank consortium whereby private lenders pool financial resources together into one fund balance and discuss flexible and affordable terms for impacted businesses. The bank consortium seeks to discuss disaster loan terms in advance of a catastrophe instead of the chaotic environment following an event. As a preparedness measure, economic development professionals are encouraged to convene banking leaders to discuss the possibility of creating a banking consortium. For more details on creating this type of consortium, see the Small Business Assistance chapter.

### The Importance of Engaging Banks in Planning Efforts

Economic development professionals must include financial institutions in the planning process and implementation, if they are to be partners in recovery. After a disaster, financial institutions may be concerned that investments they make will not be recoverable. Including them in the planning process ensures that they are aware of the steps being taken to help get the economy on track.

### Prepare Media Messages and Communication Channels

A breakdown in communication is one of the most difficult barriers to overcome for the business community after a disaster. In this environment, rumors and bad information spread quickly and hamper the post-disaster recovery process. Telecommunication and power outages may be widespread, or there simply may be confusion regarding the status of recovery efforts and where to access help.

Economic development organizations can devise a communications strategy ahead of time to anticipate these problems. EDOs should update their staff contact information and identify a system for communicating with staff after a disaster as part of their business continuity planning effort. They should also collect emergency contact information for local businesses such as cell phone information (as aforementioned). Finally, they should be concerned about the perception of their community after a disaster by what the local, regional, and national media communicates to their audience. EDOs and chambers can craft a press release in advance to be used and updated in the case of a major incident.

Increasingly, economic development professionals in areas impacted by disasters point to the essential role that social media has played in their communication strategies. In the immediate aftermath of a disaster, Facebook and Twitter can disseminate information to constituents, and as the recovery stages set in, these channels can be used to communicate with national and international audiences. Furthermore, when mobile phones' calling features do not work due to downed towers, there is still a possibility that smart phones will be able to access



the internet. For further details on preparing effective media communication, see the Crisis Communications chapter.

## Strategies for Retaining Businesses after a Disaster

Even if an EDO has engaged in pre-disaster planning activities, a disaster creates a chaotic environment. Many businesses and very possibly the economic development organizations are unable to immediately access their offices, the extent of damages is as yet unknown, and suppliers and customers are holding or looking for shipments that cannot access warehouses and stores. The workforce cannot get to work, may have damage to their homes, and may soon start to have concerns about lack of a paycheck. Businesses will be trying to assess damage, determine insurance coverage and processes, find bridge financing to cover loss of production, and determine their options for getting back into business. The needs are great, and resources stretched in every direction.

The economic development organization has the resources and knowledge for effective business recovery and retention. After a disaster, EDOs must quickly locate recovery information, financial, technical assistance, and planning resources, and determine the best method to deliver its services to businesses. Clear and organized support from the economic development organizations will most quickly return stability to the business community in the aftermath of a disaster. Key services for business recovery and retention are to:

- Establish a Business Recovery Center, a central location for business recovery information and support;
- Provide services for case management;
- Communicate and reach out: both gather and disseminate information for the business community;
- Survey businesses immediately to start essential tracking of damage and recovery efforts;
- Deliver business recovery workshops;
- Provide short-term and long-term financial services; and
- Ensure targeted and appropriate incentives for the local business community.

A disaster-impacted community will also need to develop a long-term vision for how it will rebuild its economy. The community will require extra care to recover from the losses and to address long-term resiliency. It takes time, leadership, and resources – all of which will be in short supply – to develop an economic recovery plan with buy-in from community stakeholders. Yet, a post-disaster strategic plan provides the opportunity to reevaluate economic objectives in light of vulnerabilities and establish strategies and action steps to make progress toward long-term recovery.

### Establish a Business Recovery Center

Within the first couple of weeks after a disaster, a community should establish a business recovery center to meet pressing needs in the business community. A business recovery center (BRC) is a one-stop shop set up to provide local, state, and federal resources to businesses after a catastrophic event. The BRC can also carry out a number of communication and outreach strategies. Because the center's services are tailored to address business needs, it is typically established separately from FEMA's disaster recovery centers to avoid confusing



individuals who need social services. It is important to tailor the services and service delivery of the center to be most applicable and relevant to the community. For example, for some communities establishing a physical place business owners or managers go to for assistance works quite well. For other communities (especially those with a downtown corridor or with several pockets of development,) a mobile center is the best answer. With a mobile center a trained business counselor essentially works door to door meeting the businesses “where they’re at” to discuss their needs and has with them the technological resources to connect them with the needed assistance.

An EDO often takes responsibility for establishing the center and engages the participation of community stakeholders. Most disaster-impacted communities should have the BRC up and running shortly after the immediate lifesaving and life sustaining activities are completed. . See the Small Business Assistance chapter for more details on how to establish a business recovery center.

### **Deliver Retention Services through a Case Management Approach**

A case management approach to business assistance involves providing individual business assistance to impacted businesses. The case management effort has been particularly effective in connecting with small and midsize businesses. Skilled staff can assist with navigating permitting needs, sorting out the myriad of operational challenges, and access to financial assistance.

The economic development organization may find it cost-effective to deliver case management at its business recovery center. Some economic development organizations reassign staff from their small business development center (SBDC) to the case management effort. Generally an EDO offers some sort of business development service, whether from the Service Corps of Retired Executives (SCORE) or another outreach agency. These professionals are excellent case managers as they are skilled in business planning and can help navigate a business back into operation while strategizing for long-term viability. Case managers also often talk about how their visit and continued assistance creates an impact simply by making businesses “feel like someone cares.” See the Small Business Assistance chapter for more details on the case management approach.

The case management approach provides the economic development organization with valuable insights that may guide and support their advocacy on behalf of the business community.

### **Communication and Outreach**

Communication is often challenging in a post-disaster environment. To bolster that effort, EDOs play two important roles in communicating with businesses in a post-disaster situation; as a relay and a transmitter. The first is listening to businesses to understand their needs. The listening part is critical to understand the issues faced by the business community (and those that might serve as barriers in the recovery process). It also provides the EDO with a primary source of information to then relay the business community needs to local, regional, state, and federal officials. This insight can be key in determining the kinds of business support that is allocated post disaster. The second role is quickly disseminating relevant information to businesses regarding available resources and service providers who can help. In a post-disaster environment, communication to



businesses should be frequent, consistent, and provide meaningful and actionable information to help businesses and other economic recovery stakeholders to rebuild.

### **Step 1: Establish a Business Recovery Hotline**

Establish a hotline number that business owners can call to get information about the center and its services. Make sure everyone working with the BRC knows the hotline number and that everyone answering the hotline knows what the local, state, and federal government can and cannot do. Businesses will need access to critical information for their own recovery, such as when utility services will be restored. In addition, they will need to know the city's inspection and rebuilding requirements, a list of local- and/or state-licensed contractors, how to select and pay a contractor, how to work with insurance companies, and more. Businesses, particularly small businesses, also need information on how to navigate local, state, and federal government assistance programs such as those of the U.S. Small Business Administration.

### **Step 2: Develop Online Web Portal**

The EDO should establish an online web portal to facilitate communication between local government, recovery agencies, and businesses. A web portal can be a critical source of recovery information for businesses in addition to a business recovery hotline. The website can also allow displaced businesses to provide updated contact information.

### **Step 3: Establish an Outreach Campaign for Priority Businesses**

An outreach campaign is an important effort for assessing the recovery needs of the business community, connecting businesses with resources, and engaging in major business retention efforts for identified at-risk businesses. Having reliable executive cell phone numbers and other backup contact information is critical. Depending on the type of disaster, economic recovery stakeholders may want to consider reaching out first to businesses that are critical economic anchors in the community and businesses that provide essential services in the local community (such as gas stations and grocery stores).

Following the flood in 2008, the Cedar Rapids regional economic development organization, Priority One, instituted a three-tiered business call program to contact the region's major employers. The three tiers represented different levels of impact that local businesses experience, including: those directly impacted, those indirectly affected, and those whose suppliers or customers were affected. See case below for more details. After Hurricane Gustav, Louisiana Economic Development called the top 1,000 employers in the state in order to learn how they could assist major employers and help mitigate potential job losses.

As businesses express their recovery needs during an outreach campaign, an EDO should advocate for quick response from the city to expedite utility services, reentry, and other issues. For example, Priority One staffers served as a liaison between businesses and the city to expedite the city's emergency personnel response.



## Survey Local Businesses

The economic development organization should survey local businesses as soon as reasonably possible after the disaster to gain baseline information for tracking the disaster's impact. Gathering this information should be subsidiary to providing timely and real support services in the immediate aftermath of the disaster shock. Supplemental congressional funds and additional federal agency resources may be supplied to a region if the community can demonstrate significant business damage. In many cases, devastated communities are unable to provide the federal government with reliable data on business impact. Surveys can also help in assessing businesses resource needs such as access to capital and technical assistance.

The EDO should work with its partners to disseminate an outreach survey for local business owners to complete in order to gather intelligence. The method of communication will depend on which communication lines are most reliable and may include direct mail, telephone (landline and cell), website, email, town hall meetings, conferences or workshops, surveying at the business resource center, local media, or door-to-door canvassing.

## Survey Resources

There are several resources for developing such a survey:

- Executive Pulse created a survey for pre- and post-disaster assessment of businesses in the community. (Available in the [Resources Appendix 9](#))
- Synchronist created an emergency response form in cooperation with Louisiana Department of Development's BRE group and later made it free to any existing user on the Synchronist system. (Available in the [Resources Appendix 10.](#))
- The University of Wisconsin compiled a survey to assess the impacts of the 2008 floods in Milwaukee on area businesses (Available in the [Resources Appendix 11](#))

## Going Beyond the Survey - Focus Groups, Personal Visits and Other Methods

While information gathering is a key component of any BRE efforts, surveys, focus groups, and business outreach must be used judiciously after a disaster strikes. Distributing surveys to distraught business owners in the wake of a disaster can come across as callous. Laith Wardi, President of ExecutivePulse, a BRE software company, explains that there needs to be multiple open doors to care for, assist, and gather information in the wake of a disaster. He explains that, in many cases, surveying may not be the best way to understand the situation and provide assistance.<sup>19</sup>

After a disaster, it may be more appropriate to meet with business owners face to face. When conducting visits to businesses after a disaster, owners and employees can be in an emotional state. Dale Wheeldon, President and CEO of the Economic Development Association of British Columbia, who assisted businesses following the 2013 floods in Greater Calgary explains that he prefers using the tactic of personal business visits and focus groups. He suggests that economic development officials listen with compassion, and emphasizes the importance of "listening and then acting".<sup>20</sup> Interviewers can keep in mind questions they would like answered,

<sup>19</sup> Wardi, L. (April 16, 2014). Personal communication.

<sup>20</sup> Wheeldon, D. (April 16, 2014). Personal communication.



and take notes to be entered into a database, but after a disaster, short business visits can become emotional. Bringing in crisis counselors and financial planners can be a helpful resource.

He also advocates for interviewers to work in teams. After a disaster, business owners may be frustrated and angry with local leaders and staff. Conversely, they may be experiencing emotional events such as injury or loss of an employee or family. Working in teams can help interviewees to bear the emotional burden, and process their experiences.

Another method of information collection that Wheeldon suggests is convening larger groups, a tactic that typically results in more focused and strategic discussions than the business visits. These groups are able to discuss the immediate issues and challenges, and start planning for preparedness in the future. Additionally, the larger groups boost morale, as people do not feel as alone, and can share their experiences with others who had been similarly impacted.

### **Case Study: Business Retention Efforts in Cedar Rapids Flooding**

In 2008, Cedar Rapids, Iowa experienced the worst flood in its history. Flood waters rose for over a month, spanned over ten miles of the city, and covered downtown businesses and public buildings. Although the local media tried to provide updates on response efforts, the information did not come quickly enough or include what was critical to businesses. Priority One, the region's economic development organization, saw this gap and immediately launched a communication effort targeting the business community. They began by collecting cell phone numbers of the affected businesses, and they contacted businesses according to three tiers of priority:

- First Tier: Businesses that sustained physical damage from the flood.
- Second Tier: Businesses that sustained economic damages.
- Third Tier: Suppliers and vendors to first- and second-tier businesses.

Priority One's five staffers had existing relationships with businesses and quickly became advocates on their behalf. They requested updates from firefighters and building inspectors on the status of facilities and were able to keep businesses informed of the progress. They also connected with the chamber of commerce representative in the Emergency Operations Center (EOC) and made sure emergency response information flowed to businesses as well. Priority One's intermediary role meant it not only delivered information from city officials to businesses, but it also pushed for faster response from the city's inspection and cleanup crews.

A few years after the disaster, Priority One reflected on a few key lessons learned. First, communication channels are chaotic in the wake of a disaster. The most reliable communication is by cell phone. In fact, it





will usually take several days for communication channels to come back to normal. Second, economic development organizations need to connect with critical response personnel like the Emergency Operations Center staff, utilities, law enforcement, public and private cleanup crews, and so forth, to deliver the most value to businesses. Third, EDOs should pursue media channels – television, radio, newspaper, and media websites – to make sure they include information relevant to businesses. Although recovery is costly and slow, having a strong communications plan can make the difference for a business impacted by disaster.

*A full case study is available in the [Case Study Appendix 3](#).*

### **Deliver Business Recovery Workshops**

An EDO can hold workshops to address both common and unique recovery issues to local businesses. Workshop speakers should include representatives from local, state, and federal agencies and organizations such as the SBA, IRS, USDA (Rural Business Program), SBDC, SCORE, the local permitting office, and other local professional service advisers such as tax preparers and lawyers. These representatives should be invited to make presentations and answer questions from impacted businesses. It is also important to engage other economic recovery partners (other EDOs, business districts, chambers of commerce and municipalities) in order to create a more extensive network of resources and marketing channels.

The workshops can be implemented on a relatively small budget and can serve local businesses on a local or regional basis. Local government facilities can serve as meeting space, and EDOs and their partners can advertise through existing communication channels. In the Bay Area of Greater Houston, the regional economic development organization, Bay Area Houston, conducted a business recovery workshop shortly after Hurricane Ike (2008). They partnered with eight of the local governments in their jurisdiction to market to local businesses throughout the region. Police walked door-to-door to businesses with flyers advertising the workshops. The workshops were well received and well attended by impacted businesses seeking recovery assistance.

More information and examples of workshops can be seen in Chapter IV Small Business Assistance

### **Providing Financial Services in Short- and Long-term**

Small businesses are often more financially vulnerable than large businesses in the wake of a disaster. Small businesses typically lack the significant resources and business continuity plans that large businesses can draw upon to continue their operations and remain financially viable. Thus, EDOs and chambers need to provide additional assistance to small businesses, particularly in terms of capital and technical assistance needs.

After a disaster, small businesses may face the need for working capital to meet payroll, replace damaged inventory and equipment, and fund other operational costs. These funds are crucial to provide within the first month in order to get the business back up and running. As long-term recovery sets in, a small or medium-sized business may have to adjust to a changed local or regional market, and thus may need to reorient its product or



service, train its workforce with new skills, find new customers, and seek out new vendors. Thus, short- and long-term financing mechanisms need to adapt to the specific, timely needs of businesses.

### Short – term / Gap Financing

There is much that EDOs can do to help their small and medium-sized businesses secure financing and technical assistance. Traditional loans are considered risky for small businesses in the immediate aftermath of a disaster. In the short term, small businesses need access to gap or bridge financing with low interest and flexible terms. This gap financing provides businesses with working capital until they can secure funds from other sources, such as insurance claims and other long-term financing sources. These funds are typically made in smaller amounts than long-term financing – often ranging from \$5,000 to \$25,000 for small businesses.

#### Establishing a Bridge Loan Program

A bridge loan program provides working capital to businesses after a disaster but before the business is able to secure funds from other sources such as SBA disaster loans, insurance claims, renewed profits, or other sources. A bridge loan is typically paid back soon after the businesses has received other sources of funding. For example, the Florida Small Business Emergency Bridge Loan Program is activated by the Governor of Florida only in case of a disaster. Loans are made interest-free, and range from \$1,000 to \$25,000, but they must be repaid within 12 months. The program was established in 1992 after Hurricane Andrew, and it has been activated 12 times since. To date, the program has made over \$27 million in total loans to 950 small businesses.

#### Establishing a Business Grant Program

For particularly devastated businesses, a grant or forgivable loan can help speed recovery when a business is uncertain about incurring more debt. Funding for this program typically comes from local and/or state resources. For example, the State of Iowa created the Jumpstart Iowa Small Business Assistance Program to provide short-term financing to small businesses before an anticipated \$85 million CDBG grant was scheduled to be disbursed. The Jumpstart program was financed through \$20 million from the State of Iowa, and it makes forgivable loans up to \$55,000 per business. The loans are forgiven if a business reopens its doors within 12 months of receiving the loan. The requirement that businesses have already obtained a disaster loan from the SBA, or another federal- or state-chartered financial institution, ensures that grants only go to viable businesses.



### Case Study: Louisiana Revolving Capital Fund

The Jefferson Parish Economic Development Commission (JEDCO) in Jefferson Parish, LA, established the Louisiana Revolving Capital Fund (LRCF) using leftover funds from the Louisiana Small Business Grant and Loan Program implemented after Hurricane Katrina. LRCF provided loans of a minimum of \$25,000 to help businesses purchase land, buildings, equipment, working capital, or inventory. JEDCO applied for additional funds from both EDA and HUD's CDBG Disaster Assistance program for a revolving loan fund (RLF), which distributed approximately \$50 million in loans to hundreds of small businesses after Hurricane Katrina.

Grand Forks, ND also established a revolving loan fund for local businesses after the 1997 flood by using CDBG Disaster Recovery funds.

### Long-term Financing

Long-term financing helps businesses rebuild property, purchase equipment and inventory, and reorient their business around new markets (if needed). Both private and public sources of financing can be made available to impacted businesses following a major disaster. Local, state, and federal sources can be pooled to create a long-term financing program. The program can be managed by a local EDO, chamber of commerce, bank, or CDFI to ensure that the program has the capacity to continue long-term and meets local business recovery needs as they evolve.

### Establish or Repurpose an Existing Revolving Loan Fund

Revolving loan funds (RLF) are well-structured to provide long-term financing since the repayment of old loans are used to finance new loans. RLFs can be established using federal funds (such as EDA and HUD's CDBG program), local /state funds, a foundation or the private sector. In establishing an RLF, the EDO should not seek to replace private financial sources, but should serve businesses that cannot access traditional sources of financing.

When using federal funding sources, economic development professionals should have a clear understanding of the requirements of, and waivers for, various federal programs, as they will need to mitigate conflicts between these requirements when assembling such funding packages. They also need to understand and address Duplication of Benefits (DOB) issues. DOB prohibits federal funds from different programs to be used for the same purpose.

Repurposing an existing RLF can be an efficient way for the EDO to serve the disaster-impacted community. Established program criteria may be modified to meet the new needs, and staff can use existing program applications and processes. The EDO should consult with the funding agency for the RLF to determine its options for repurposing for disaster recovery business support.



## Other Financing Sources

EDOs should reach out to a variety of lending sources to identify funding gaps as well as help to educate local businesses on the various sources of funding available to their business. This includes outreach to local banks, credit unions, community development financial institutions (CDFIs), alternative lenders, foundations, and other private organizations.

For more details on financing resources for small to mid-sized businesses, visit the Small Business Assistance chapter in this toolkit.

## Effective Use of Incentives

Incentives can also be used in times of disaster to provide a boost to the most viable businesses. Typically, incentives are focused on reducing the cost of doing business, increasing the flow of capital for business recovery and growth, persuading businesses to reinvest, and prompting real estate investors to further invest in impacted areas. Local and state tax incentives related to property, equipment or investment can also be used as financing mechanisms to reduce the chance of firms relocating or closing permanently.

There are many types of incentives serving different purposes. EDOs should develop a strategy to ensure the right mix of incentives is available. EDOs can examine how other communities and states have developed or advocated for incentives to encourage redevelopment and reinvestment in disaster-impacted areas. In some jurisdictions, incentives are not an option, so more focus should be paid to private financing means, if possible.

## State Incentives

After a disaster, the most vital incentives are the ones that help businesses renovate and upgrade facilities and equipment, retool for new markets, train employees with needed skills, and conduct other recovery activities. Most of the time, existing incentives can serve these functions, but new incentives can also be created to serve long-term recovery efforts. The most relevant types of incentives for post-disaster BRE include:

- **Property Improvement/Restoration Incentives:** These can be used to defer property taxes on renovations and improvements to facilities.
- **Equipment/Machinery Incentives:** This includes exemptions on property, sales, usage, franchise, or state income taxes on new building materials, machinery, and equipment.
- **Retention/Reinvestment Incentives:** These are based on saving jobs and investments of a company that may be in danger of closing.

## Federal Incentives

There is a precedent for federal government action that addresses major recovery needs, such as the tax-free bonding that was implemented in New York City after September 11th and the federal tax incentives available in designated Gulf Opportunity Zone (GO Zone) communities after Hurricane Katrina.



- **GO Zone Bonds:** Gulf Opportunity (GO) Zone bonds were passed after Hurricane Katrina in 2005 to encourage reinvestment in Louisiana, Alabama, and Mississippi. GO Zone bonds are tax-exempt bonds that essentially serve as a low-interest loan for businesses that issue them. Businesses could also receive tax incentives for redeveloping property in the zone area.
- **September 11 Bonds:** After September 11, Congress provided tax-free bonding authority to New York for the rebuilding of the destroyed area. Half of the bonds were allocated by the state's governor and half by the mayor of New York City. This enabled local and state government agencies to raise more capital to fund infrastructure projects.

It is important to note, however, that these incentives (and others like it in the future) would require specific Congressional actions to be utilized for future disasters.

## Summary

This chapter has outlined some of the resources, strategies and steps an EDO can take to protect and help restore its business community in the unfortunate event of a disaster. Whether reaching out to businesses, communicating with city officials, or advocating with federal agencies, the many roles an EDO serves require it to be fully engaged both before and after a disaster. Although not all impacts of a disaster can be mitigated, EDOs have proven time and again that their actions can make the difference for local businesses and push the community toward a faster recovery.

## Additional Helpful Resources and Examples

*Below is a list of resources and links where you can access more details and information on the topic:*

**Open for Business** (<https://www.disastersafety.org/open-for-business/>) is a business continuity planning guide published by the Institute for Business and Home Safety.

**Ready Business** ([www.ready.gov/business](http://www.ready.gov/business)) was created to educate individuals, small businesses, and interested parties on business preparedness.

**Prepare My Business** ([www.preparemybusiness.org](http://www.preparemybusiness.org)) is an SBA website that provides small business resources for disaster and business continuity planning.

**FEMA PS-Prep** (<http://www.fema.gov/privatesector/preparedness>) is being launched by the U.S. Department of Homeland Security as a voluntary private-sector preparedness accreditation and certification program.

**The Association of Business Contingency** ([www.acp-international.com](http://www.acp-international.com)) is the national association for business continuity professionals.

**Preparing Your Small Business for a Disaster** ([www.bomasf.org/pdf/news/smallbizdisaster.pdf](http://www.bomasf.org/pdf/news/smallbizdisaster.pdf)) is a resource that lists effective emergency planning activities and a list of resources.



**Sungard Knowledge Center** ([www.sungardas.com/knowledgecenter](http://www.sungardas.com/knowledgecenter)) has free resources on continuity planning, cloud computing, and data management.

**New York University's International Center for Enterprise Preparedness White Paper**

(<http://www.nyu.edu/intercep/Insurance%20Incentives%20for%20Corporate%20Preparedness%2017%20Oct%2006.pdf>) is on business preparedness and insurance incentives.

**The Preparing Businesses for a Pandemic course** ([www.eden.lsu.edu/EDENCourses/Pandemic](http://www.eden.lsu.edu/EDENCourses/Pandemic)) will assist small- and medium-sized businesses in surviving a potential pandemic.

**The Florida Business Disaster Survival Kit**

(<http://www.putnamcountychamber.com/docputnam/Business/FLA%20Business%20Disaster%20Survival%20Kit.pdf>) by the Tampa Bay Regional Planning Commission assists local businesses in business continuity planning, hazards analysis and response, and preparedness resources.

**Community Resilience and Rapid Recovery of the Business Sector** (<http://labrr.org/assets/docs/147.pdf>), by the Charleston Metro Chamber of Commerce, provides practical ideas for how business stakeholders should play a more active role in disaster recovery planning.

**The State of Florida's Business Disaster Planning** website ([www.floridadisaster.org/business](http://www.floridadisaster.org/business)) will better prepare a business for future disasters by assisting them in creating a Business Disaster Plan.





# Chapter VI: Assessing the Economic Impacts of a Major Disaster

## Overview

Major disasters almost immediately elicit questions about severity. Inquiries from different levels of government, the private sector, the media, and the public as a whole will inundate the affected area. In the US, there are many impact assessments that are conducted as a standard practice. These assessments determine eligibility for state or federal disaster declarations, inform local decision-making processes, and evaluate the severity of impacts to specific sectors (e.g. critical infrastructure, impacts to structures, housing, local government functions). It is critical that EDOs and economic development professionals play an active role in these processes. While the conduct of these (relatively) routine assessments follow well-defined paths, there tend to be very few, consistent efforts to evaluate the disaster's impact on the business or economic sector.

This may seem to contradict the evaluation of past disasters in terms of dollar value impacts, as these would suggest there was an economic impact valuation of the disaster. The National Oceanographic and Atmospheric Administration (NOAA) maintains the National Climate Data Center which collects, assesses, and evaluates many forms of weather incidents and their impacts. They also evaluate the economic loss estimates from those incidents. However, the outcome of those assessments will typically represent a "total loss" value. This is where the evaluation of a specific disaster as "a billion dollar" disaster comes from. From an economic recovery perspective, that value provides very little actionable information. For example, there is no routine evaluation of industry-level impacts, changes in investment risk, local market conditions, workforce dynamics, or other topics that may yield more specific actions from economic development professionals.

For this reason, among others, it is imperative that the EDO play a supportive and even leading role in initiating more detailed impact assessments after a major disaster. Ultimately, it provides a solid and basic understanding of how to improve the situation, and help engage the community in problem solving efforts. Detailed assessments of impacts to the business environment provide direction for the most appropriate responses and recovery efforts to pursue as well how the community might want to consider mitigation efforts for future events.

There are many different types, methods, and applications of conducting economic impact studies. It is critical that EDOs and local officials set forward a clear expectation of what the study is intended to achieve as it applies



to the current and anticipated needs. The table below summarizes many of the significant types of studies and their corresponding role in the recovery process. Naturally, this information is intended to convey broad ranges of assessments and there exists ample room for adapting and customizing these and other elements to meet specific post-disaster needs.

The economic damage of a disaster goes beyond accounting for physical damages or insured loss to such measures as the indirect costs of business interruption caused by power failure or market loss. This kind of understanding can help to shape initiatives to restore the local economy and prevent further catastrophes.

This chapter provides insight into the types, applications, and components of a post-disaster economic impact study, how to develop the study, and other useful advice when implementing the assessment process.

### Types of Economic Impact Studies

| Type of Assessment                         | Issue(s) Addressed   | Typically Conducted by                   | Geographic Scope       | Target Audience                                |
|--|--|--|------------------------|--|
| <b>Market study</b>                        | Uncertainty of how the local market conditions may have changed  | EDO, higher ed, consultant               | Local                  | Business community                             |
| <b>Economic impact assessment/analysis</b> | Uncertainty of the full scope and economic consequences.<br>Concerns about projecting tax revenue losses.<br>Lack of economic data about impacted areas. | Higher ed, consultant, government        | Local, regional, state | Local/state government                         |
| <b>Industry impact assessment/analysis</b> | Concern about acute impacts to a specific industry, which determines how and to what extent to assess  | EDO, consultant, trade group/association | Local, regional, state | Business community, EDOs                       |
| <b>Workforce assessment/analysis</b>       | Did incident create skills gap/surplus? Retraining opportunities? Impact on unemployment.  | Higher ed, workforce agency, consultant  | Local, regional, state | Local/state government, higher ed              |
| <b>Resilience analysis</b>                 | What actions can be taken to mitigate future impacts?  | EDO, local/state government              | Local, regional, state | Local/state/federal government, private sector |



| Type of Assessment                          | Issue(s) Addressed   | Typically Conducted by                       | Geographic Scope | Target Audience                  |
|---|--|--|------------------|----------------------------------|
| <b>Small business impact analysis</b>       | What impacts happened/will likely happen to small businesses?<br>Changes to small business outlook?  | EDO, SBDC, local/state government, higher ed | Local            | Local/state government, EDO      |
| <b>Economic development assessment</b>      | Has the incident changed perception of the investment risk?<br>What impacts happened to economic development efforts/programs?   | EDO, government, consultant                  | Local, regional  | Local government, EDO            |
| <b>Cluster or entrepreneurship analysis</b> | Has there been any impact on existing or nascent clusters? Are there any “clusters of opportunity” that could be prioritized for recovery?<br>Is there an impact (positive or negative) on business churn or innovation? | EDO, higher ed, local government, consultant | Regional, state  | EDO, state government, higher ed |

The variety of types and applications of impact assessments necessitates that the EDO inform those they serve about how to best reach their intended goals. Without a clearly defined “so what” objective to the assessment, the effort could become overly academic. The EDO and other stakeholders considering the need should carefully consider questions like:

- If we conduct this assessment, what will be the deliverable?
- How will that deliverable be used?
- How will the assessment support our recovery decision-making and planning?
- How will the assessment make our economy more resilient?
- How will the assessment help allocate resources, funding, and program assistance to the areas/sectors of greatest need?

### Defining a Post-disaster Economic Impact Study

Most post-disaster economic impact studies document the impacts using economic indicators such as physical property, business and industrial activity, tax revenues, the loss of business income, and other damages to the local economy. Other indicators that can be critical to gather are the qualitative “issues” that emerge after an incident. Often the presence of an issue or perception of an issue can provide invaluable direction to inform future recovery efforts. Studies may vary in scope, depending on the type of disaster, time considerations, and the amount of resources available to conduct them. All of these studies attach measurable figures to the damages incurred to a given area after a disaster.



Since the “true” measure of an economy is often not satisfactorily measured by a single value, the economic impact study or assessment should seek to provide a measure from analysis and interpretation of an aggregate of indicators. By documenting changes in a range of economic indicators, these studies provide an outlook on how local economies can expect to fare after a disaster strikes. They can also reveal the extent of a community’s needs for external resources for response and recovery assistance.

Post-disaster impact studies can take anywhere from several weeks to months to complete, depending on the scope of the analysis and the availability of the data. In cases of immediate need, communities have been able to retrieve basic information in a matter of a few days when the local government must provide a cost figure for the purposes of securing aid. This initial assessment should be consistent with the expectations of those impacted locally to make sure that the community isn’t grossly underestimating or overestimating the damages. It should be noted that there are clear and rather significant obstacles in constructing one accurate overall figure for a disaster’s impact, particularly immediately following an event where the supporting data is absent and/or sparse. Further, for many communities coming up with a singular loss figure is generally useless since it reflects losses borne by the economy as a whole and doesn’t consider subtler spatial or industry trends (which could lead to more actionable information).

In interviews with impacted communities and consultants who perform this type of analysis, it was recommended that preliminary figures should be followed up by a more thorough economic impact studies approximately six months to a year after the event. This additional study should allow for more realistic analysis of damages, particularly since federal data and figures may take three to six months to be updated following a crisis (since they typically follow their regular update cycle regardless of the incident). A common challenge for small and medium-sized communities is finding sufficient financial resources to conduct a thorough study. Communities may or may not have the required capacity to do the study internally. In either case, the variability of cost and capacity to undertake these studies emphasizes the need for their execution to be clearly targeted on meeting a direct need or specific objective.

### **Distinguishing a Post-disaster-driven Study from an Economic Development-driven “Traditional” Economic Impact Assessment**

A traditional economic impact analysis examines a proposed policy or economic development project to determine how it will impact the local economy in terms of changes in the level of economic activity. This typically involves measuring growth opportunities such as increased output, business or industry revenue, employment, wages, and tax revenues. These studies are used to gather public support for the proposed project by determining if the community is better off. The study highlights the net benefits to the community. Depending on the study’s methodology, there is an evaluation of the direct, indirect, and induced impacts of the proposed economic development project or policy.



Traditional economic impact studies are often narrow in scope. For example, they may be evaluating a proposed real estate development project or a new city policy. They are often designed to show how the local economy is boosted by a project or policy under consideration.

Post-disaster economic impact studies, in comparison, measure how the community has been adversely affected by a major incident. For example, this can include business interruption due to the closure of a port, the shutdown of a major bridge or road, or a natural disaster that disrupts the entire community or region.

Determining the economic impact of the disaster can vary greatly based on:

- the magnitude of the disaster and the ability to measure all of its impacts,
- challenges with limited data,
- organizational capacity within the community to gather needed impact information, and
- varying methodologies that can measure the disaster's economic impact on business and the local economy.

Economic impacts of disasters are more difficult to assess because many things have happened at the same time that affect the larger economy after a disaster. For instance, a major storm can inflict wide-scale damage to supply chains and infrastructure, rather than the more narrow impacts likely from a local development project such as the attraction of a new firm or the construction of a shopping center. "Traditional" impact studies rely on simple models due to their limited scope, while post-disaster economic impact studies require more sophisticated economic models to assess damage. Often these models depend on a high degree specificity of post-incident impact data to fuel the methodology or establish critical assumptions. Some examples of that specificity include things like; industry classifications for impacted firms, duration of business disruption, and percentage of diminished output over time.

## The Purpose of Post-Disaster Economic Impact Studies

A post-disaster economic impact study provides insight to public officials, business leadership, and local industry in how the community has been damaged and helps inform their future decision making in terms of response, recovery, and mitigation. The study serves various functions for different stakeholders.

### Public officials are assisted by:

- Developing a clear picture of how industry and business has been impacted by the disaster;
- Receiving information on economic impacts to share with state and federal officials in order to justify the need for external recovery resources;
- Being informed in a way that influences decision-making in a time of crisis and taking critical actions for short- and long-term recovery;
- Understanding how current and future tax revenues have been negatively impacted by the event and how public services might be affected;
- Understanding how to hold organizations accountable in the event of a man-made disaster (for example, how British Petroleum was required to assist in rebuilding efforts after Deepwater Horizon Oil Spill);



Economic Development Organizations, Chambers of Commerce, and Business Councils are assisted by:

- Developing an outlook of how the local economy has been impacted by the event;
- Understanding how employment, wages, and tax revenues have been adversely affected;
- Providing support for identifying strategies, programs, and projects for short- and long-term recovery;
- Educating community stakeholders on the current situation to provide insight and build consensus on how the community should move forward.

Local businesses are assisted by:

- Knowing the current market situation for business planning purposes;
- Understanding how labor markets and supply chains have been impacted;
- Understanding how various sectors have been impacted.

## Challenges in Conducting a Study

It is important to be aware of the possible obstacles that may arise when conducting a study in a post-disaster environment. The following are issues that other disaster-impacted communities have faced:

- The quality and availability of data may be limited;
- Collecting data and information from businesses may be difficult due to disrupted communication channels;
- Local EDOs may not have the organizational resources to manage a large project such as this while also recovering from disaster;
- Impacted businesses may be reluctant to share damage information;
- Topics to cover in the study and how to fund it may appear daunting.

### HAZUS

A software program available for download online, HAZUS is FEMA's methodology for estimating losses from earthquakes, floods, and hurricanes. The program combines scientific and engineering expertise with geographic information systems technology to help users visualize the impacts it models, and can be used for both pre-disaster risk assessment and post-disaster economic impact. Among the indicators it measures are physical damage, economic loss, and social impacts.

HAZUS is not related to Preliminary Disaster Assessments, but is a tool to be used by anyone. It is available free at <http://www.fema.gov/hazus>.

### Data Availability and Reliability

The final result of the economic impact study is a mark of the quality of information and data that is input into the model. Typically, there is a delay between the time that data can be collected in a post-disaster environment and when it is made publicly available. Federal sources of data may take six months to be updated – depending on the magnitude of the disaster. Relying on dated U.S. Census information or other federal sources is likely to be insufficient in order to get an accurate picture of population or jobs in the aftermath of an event. In the case of information gaps or unreliable figures, realistic assumptions should be employed at first. When the data becomes available, the model should be updated to reflect the more realistic numbers.

However, data availability (or the lack thereof), should not be a roadblock for conducting *some* kind of economic impact study. If the study is clearly defined to meet a clear need of the recovery effort, the analyst should





consider conducting a broader qualitative assessment as well. Often convening “economic recovery roundtable” meetings with a diverse pool of stakeholders can be pivotal to solicit locally-driven impact information. While much of that data will be unverified and won’t contribute to an empirical figure about the impacts, it can give the analyst a critical insight into the issues and requirements being faced by the community. These insights can then translate to further investigation for key topics and yield previously unknown data sources.

### Overcoming the Challenges of Calculating Tax Revenue Loss

Though tax revenue data is technically public information, it is not always readily available. For state-level data, legislative fiscal offices often maintain time series on tax collections. Comptrollers or assessor’s offices should have property tax data. On a local level, individuals who control access to this information vary, but could include finance officers, clerks, economic development officials working for the government, and elected representatives.

At times, state taxes may not be able to broken down by area. If this is the case, you will need to determine whether your state has a government agency or private corporation that provides information retrieval services down to the local level.

A fact to bear in mind is that even when tax data is available, some local governments may not have the full capacity to collect taxes in the wake of a disaster - more a matter of logistics than actual economic losses. Looking at tax revenues can be a limited means of measuring a disaster’s impact on certain industries; changes in sales taxes and revenues account for retail gaps, but not other industries like manufacturing.

### Communicating with Stakeholders

After disasters strike, certain modes of telecommunications such as phone lines, the internet, email, and postal services may be shut down for a significant period of time. When this happens, businesses may not respond as they normally might to an electronic survey.

Potential solutions to communication issues include:

- Employing a texting campaign if you can access the cell phone numbers of local business owners or managers;
- Advertising in print, radio, television or through social media;
- Holding public meetings with businesses and/or in partnership with other chambers and EDOs that have a network of local business contacts;
- Conducting a grassroots communications campaign through personal visits or hand delivering a paper survey;
- Arranging for the collection of information at a centralized location, such as a business recovery center.

Communicating with stakeholders in the event of a major disaster is a vital component in any community’s ability to be resilient and recover from an event. It is recommended that EDOs and chambers develop a



communications plan *before* a disaster to be implemented in the case of a disaster. For more information, see Disaster Preparedness, chapter III in this toolkit.

### Funding a Study

The ability to pay for an economic impact study can also be a concern when funds are extremely limited following a disaster. Local governments, nonprofits, and educational institutions can seek funding from external sources such as state or federal grants. The Economic Development Administration (EDA), for instance, offers planning grants through its Economic Adjustment Assistance program. HUD's CDBG-DR funds can also fund a study if the disaster has been presidentially declared.

A local community can also reach out to nearby colleges or universities to provide services at discounted prices, which also offer opportunities for faculty and/or students to provide skills.

Additionally, if a local organization can demonstrate that there is a gap in the data needed for its assessment and primary research is required in order to fill the void, then it can also seek funding/assistance from foundations.

### Expanding Organizational Capacity

Staffing is sometimes an issue for localities seeking an impact study. Response efforts to a major disaster can be taxing on available resources as it is, and the coordinating authority behind the study may not have the capabilities required to carry out a study. Staffing also plays a role in how broad an outreach effort can be orchestrated, particularly when conducting surveys. When possible, seek the assistance of volunteers and nonprofit groups to help in these efforts.

At a minimum, many EDOs should maintain a “surveillance” capacity to monitor for economic recovery issues and barriers to then communicate those issues to local officials, state and federal agencies, and non-profits.

Another approach is to build information collection into existing recovery efforts. For example, EDOs can disseminate an outreach survey at a business recovery center. Such a survey can gather intelligence on how the local businesses have been impacted economically by the disaster, and determine what programs or information they need in the short and long term. After flooding in Milwaukee in 2008, a group from the University of Wisconsin – Milwaukee conducted a local business impact assessment survey in the Milwaukee metro area to better understand impact using such a study. This can be found in [Resources Appendix 11](#).

## Timing the Analysis Process

As mentioned previously, certain communication channels can be severely hampered in the immediate aftermath of a disaster. Additionally, professionals often acknowledge that there is a “Timing-Accuracy



Continuum,” where the sense of urgency behind completing a study must be balanced with the fact that as time passes, certain data becomes more accurate and complete.

### Effects on Data Collection

When telecommunications and the internet are impacted for a significant period of time, the response rates for business surveys are likely to be impacted. As a result, impact studies conducted directly after a disaster might provide business impact estimates that will need to be adjusted. Among the reasons for this is the fact that it may remain unclear as to whether certain business owners have left, are still evaluating their prospects in the wake of the disaster or negotiating with insurance companies, or simply could not be contacted. Conducting business surveys can be time consuming, and the process of realistically collecting data should be contemplated in light of communication obstacles.

There is a lag between when certain sources collect data and when they report it, such as employment and tax information. It is difficult to separate short-term from long-term impacts without allowing some time to pass. Some studies may over-estimate or under-estimate economic impact when they are compiled too hastily and as a result may not be acceptable to publish. Additionally, some long-term figures are useful to know, such as population trends, but might not be available for some period of time. Groups requesting and/or conducting impact studies should consider either allowing for a delay before beginning a study, or conducting an initial report with a series of updates as more information becomes available.

Given these challenges, it may be most efficient (and accurate) to let at least one to two months to pass before commissioning a study – despite the fact that many disasters call for an immediate response when communities are seeking government aid. While it is a general rule of thumb that the longer the waiting period, the more accurate the data will be, leaders must balance the availability of good data with the exigency of the particular situations they face.

## The Process of Conducting Post-disaster Economic Impact Studies

There are several steps to the process of carrying out a post-disaster economic impact study. First, it must be determined who will coordinate the study, what roles other groups will play in the process, and how the study will be funded. From there, the geographic scope must be identified, and the questions that the study ought to answer must be determined (including the inputs going into the study). It is recommended that the analytical model be customized based on local characteristics. In addition, the results should be reviewed and scrutinized to ensure that final results are accurate. The following section will assist in ensuring this process is properly planned and executed.



## Step 1: Defining the Geographic Area

The geographic scope can vary greatly for an economic impact study, and it is typical for the party requesting the study to be the one that specifies the boundaries of the economic area that is to be analyzed. As such, it is important for individuals requesting a study to know what they are looking to get out of the study. Part of what will determine the area of analysis is the type of disaster that strikes and the kind of group for which the study will be conducted. For instance, a study on the impact of the Gulf Oil Spill requested by the Louisiana shrimp industry would likely have a different scope than a study on the economic impact of Hurricane Gustav conducted by the Louisiana state agency for economic development.

In the event no specific geographic area is indicated, analysts will determine the boundaries based on the areas experiencing direct damage from a disaster. The party conducting the study should gather as much data as available regarding impacted industries, then cross reference with geographic information to determine an appropriate area for study. This may result in the investigation of a specific region within a state, or developing a tailor-made analysis area that may cross regional or state borders. In interviewing a number of experts on conducting these post-disaster impact studies, IEDC gathered the following factors to consider in determining the economic area:

**Cross boundaries.** The area impacted may not be centered around a single metro area but between several metro areas with economic interconnections.

**Consider impacts.** The epicenter of destruction is not always the center of regional commercial activity.

**Interdependence is inevitable.** It is often advisable to broaden the scope to an area beyond the borders of direct physical damage, because of the regional economic interdependence. A broader area of scope also helps differentiate between resident and job transfers from one county to a bordering county within the region and transfers from inside the region to outside the region.

**Different types of disasters call for different geographic scopes.** In the case of a hurricane, one may observe rings around the immediate area along the coast, around the areas that are ten miles inland, and around an additional 100 miles where evacuees may relocate. Such an approach may not be appropriate for other types of disasters.

**Non-declared disaster does not mean non-impacted.** Federal funds will be limited to eligible counties that are declared disaster areas, even though the damage may cover a broader geographic region than just eligible counties.

## Step 2: Selecting Indicators to Measure

There are three levels of analysis a study should consider: direct impact, indirect impact, and induced impact. The level of analysis, as well as the number of industries, must be determined in order to select accurate indicators for a study. This may vary depending on the nature of the disaster. A hurricane, for instance, is a



large-scale event that will likely impact both property and a broad range of industries. An oil spill, on the other hand, will induce limited inland property damage and is likely to be tied to the energy, fishing, and tourism industries more than other sectors.

### Common Indicators

Among the common indicators included in impact studies are<sup>21</sup>:

- Tax revenue loss (e.g., sales, property, employment, etc.)
- Change in employment by industry
- Loss of wages
- Business interruption (e.g. change in gross product, output shifts)
- Loss of revenue for key industries within the impacted area
- Business relocation and business closures
- Damage to infrastructure (e.g., sewers, transportation networks, intermodal facilities, etc.)
- Damage to property (e.g., commercial, industrial, and residential land, structures, and equipment)
- Damage to the environment and natural resources (e.g., damaged water supply, crops, beaches)
- Insured vs. uninsured losses
- Expenditures and/or participation in recovery or assistance programs
- Visitor data to key landmarks
- Changes in utility receipts/output
- Survey data
- Spatial impact data

### Other Indicators

Additional indicators might also be included in more in-depth studies, such as:

- Capacity losses in nursing homes, hospitals, and intermediate care facilities
- Capacity losses in logistics centers (e.g. tonnage capacity in ports)
- Declining enrollment in schools and child care facilities
- Tourism decline and loss of hotel revenue
- Tax delinquency (e.g. on damaged property, property taxes, sales tax, and royalties)
- Trends in the number of building/housing permits issued before and after the disaster
- Shifts in insurance rates
- Qualitative recovery issues

## Step 3: Collecting Data

### Public Resources

Government agencies dedicated to collecting data are generally viewed as reliable sources. Professionals often look to federal data first, as the reliability of data generally increases as the level of data becomes broader.<sup>22</sup> Generally speaking, the smaller the region observed, the more difficult it tends to be to retrieve accurate figures. Economic impact studies commonly include employment data from the Bureau of Labor Statistics (particularly its Quarterly Census of Employment and Wages), economic modeling information from the Bureau

<sup>21</sup> Interviews (General Consensus)

<sup>22</sup> Rookard, M.( July, 2012). Personal Interview by Carrie Mulcaire and Patrick Terranova.



of Economic Analysis, and other information as may be appropriate from the Census Bureau. Tax revenue data can be gathered from state and/or local governments' revenue departments and taxing agencies.<sup>23</sup>

### Fee-for-service Resources

Consultants, chambers of commerce, business councils, and other economic development organizations may be able to provide data they have collected. It is also possible to contract some data collection out to universities, particularly those with economic research centers.

### Primary Data

Primary data collection can help offset gaps in information not easily retrieved from other sources. Studies often include business surveys to gauge which firms have remained in the area post-disaster, how the disaster impacted their employment levels and revenues, whether they implemented furlough days, what businesses are paying their workers, whether any property was damaged, and the cost of repairs or replacement for damages incurred.

In instances where tourism may be impacted, the assessing entity will likely reach out to hotel owners or hotel associations to assess room vacancies and resulting revenue losses. It may be best for an organization with local ties to be in charge of collecting most primary data, due to the trust factor that comes with familiarity with local residents and businesses. In this regard, organizations such as a local chamber of commerce may be relied upon for primary data collection, and can provide a degree of legitimacy to the figures produced.<sup>24</sup>

Below are some things to keep in mind when undergoing this step in the process<sup>25</sup>:

**Extrapolate from realistic assumptions.** When gaps of information exist or data is not legitimate, make realistic assumptions rather than use unreliable figures.

**Utilize local connections.** There are advantages to having ties to the local area - a trust factor exists in terms of businesses' willingness to answer questions. Also, local EDOs and chambers typically know who within the business is likely to be available to provide data and information. The CEO or business owner is not always the appropriate source to collect needed information.

**Diversify your communication.** While e-mail or text messages can be an effective tool, consider employing other communication methods to reach local business owners.

**Seek partners.** Chambers of commerce and trade associations are generally a good resource for business outreach and can be critical advocates when the area is in disaster mode.

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<sup>23</sup> Interviews (General Consensus)

<sup>24</sup> Ibid.

<sup>25</sup> Ibid





**Tie the disaster impact study to the real world.** Study should be approached not merely as an analysis conducted in a software program, but as a case study too.

## Step 4: Analyzing Data

### Input-Output Analysis

One of the most commonly used techniques for quantifying post-disaster economic impact is input-output analysis. Input-output is a common method of explaining the dynamics at play in a local economy that illustrates how different industry sectors affect each other within a given geographic area. Set up as a matrix, input-out data reports the dollars that each industry puts into, and receives from, other industries. Using this information, impact studies project changes in economic output based on how disasters affect the corresponding inputs.

Among consulting professionals, REMI, IMPLAN, and RIMS II are the most common tools used today. Some university researchers, economic development agencies, and consultants have developed their own models that they use instead of, or in addition to, the models listed above. Their own models have been adjusted to account for the unique factors that arise based on the local and regional economy in which they frequently operate.

It is worth noting that when running the models, the user can extract tax revenue impact data from the overall impact analysis, which some consider to be the most valuable information to come out of the study. Doing so provides the public with information they can relate to and provides a common variable that can be compared to other impact studies. It is also important to note that models will need some adjustments to account for local variations.

Below are some things to keep in mind when undergoing this step in the process:

**Account for false variables.** It can be difficult to differentiate recession characteristics from disaster impacts. If long-time series data is available, observe patterns from previous recessions and trends in order to separate the two within a reasonable margin of error. Another method to account for this is using a dummy variable in a multiple regression model. Otherwise, it may be better to wait until full effects are known and information on when recession subsides is available for certain measures.

**Consider workforce size.** Ensure there is a “sanity check” on data relative to the workforce; make sure plans are underway to ensure the workforce size assumed in the study is accurate.

**Share a draft of findings with industry experts and community partners.** Have your analysis peer-reviewed and vetted by the larger business community, community leaders, and other advisers before going public. This will help to make sure your data links with other data being reported by community partners and ensures requests for aid are comparable and based on similar findings. It also helps to not embarrass publicly politicians that are operating on limited data and information.



**Build seasonal assumptions into the model.** Productivity loss and business interruption can be captured by revenue losses, but make sure to adjust figures seasonally with reasonable assumptions and regard for anticipated information, as well as taking into account seasonal or macro trends indicating a time of recession or growth.

## Analysis Tools

There are several tools available that are used to quantify economic impact:

| Tool   | Description<br>Benefits/Costs  |
|--|--|
| <b>REMI</b><br><i>(Regional Economic Models, Inc.)</i> | <p><b>Description:</b> A software program that incorporates not only input-output modeling, but also general equilibrium, econometric, and economic geography models.</p> <p><b>Benefits:</b> Provides a comprehensive tool that can project 60-year outlooks. Includes demographic effects, and dynamic effects that occur over a multi-year period. The model is more robust than straight input-output models, and accounts for how the rest of the nation reacts to regional events. The software has a greater level of nuance that can be helpful for complex events like disasters, and comes with unlimited training and technical support.</p> <p><b>Cost:</b> Varies; Rental purchases of data and software cost upwards of \$13,000 for a county/series of counties; Permanent purchases cost upwards of \$30,000 for an entire state plus an annual renewal fee of 15%. (2012 Figures)</p>   |
| <b>IMPLAN</b>  | <p><b>Description:</b> A software program produced by MIG, Inc., with economic data organized as broadly as the national level to as narrowly as the ZIP Code level, which calculates economic impact. IMPLAN uses Social Accounting Matrices (SAMs) to calculate the dollar amounts of business transactions in a region as its measure of economic flow, which are based off regional transaction data that comes directly from businesses and government agencies. Measures direct, indirect, and induced impact.</p> <p><b>Benefits:</b> Allows the user to break down data to the ZIP Code level. Incorporates “non-market” transactions such as taxes and unemployment benefits in addition to trade flows of roughly 500 commodities. Registered users have access to online technical support.</p> <p><b>Cost:</b> Software is free after data purchase; \$350 for a single county file, \$730 for county file delineated by ZIP Code, \$640 for a U.S. or state totals file. Various congressional district, state-level, and national-level data packages are available (prices vary by state). (2012 Figures)</p> |



| Tool   | Description<br>Benefits/Costs   |
|--|---|
| <b>RIMS II</b><br><i>(Regional Input-Output Modeling System)</i> | <p><b>Description:</b> Economic multiplier tables produced by the Bureau of Economic Analysis that document the interaction among industries. Utilizing national input-output data that can be regionally adjusted, the multipliers calculate the combined impact of industry output, earnings, employment, and value added caused by changes in demand.</p> <p><b>Benefits:</b> An affordable option. Users can select multipliers organized by region or by industry. Regional multipliers allow the user to define the geographic region. Users have the option of annual series covering 62 aggregated industries or benchmark series covering 62 aggregated industries and 406 detailed industries.</p> <p><b>Cost:</b> \$275 for regional data, \$75 for single-industry data. (2012 figures)</p> |

## Spatial Analysis

Often serving as a key input for an input-output analysis, the role of a spatial analysis can have many benefits in its own right. A spatial analysis will utilize a Geographic Information System like ESRI's ArcGIS to integrate multiple forms of data into a single spatial context. Spatial analyses can be critical to not only identify hot spots of economic impact, but also areas that may or may not be more impacted but their increased vulnerability escalates the consequences of the disaster.

Spatial analyses are often a more rapid method of understanding, describing, and depicting economic impacts. The benefit of rapidity is often enabled by the presence of a pre-disaster GIS capability with an up-to-date dataset about the business community. Included below are some examples of common pre- and post-disaster spatial data sources:

### Pre-Disaster Data Sources:

**Tax Data.** Depending on the method a local government or state government uses to collect its taxes, location specific information on business establishments may be adaptable to integrate into a GIS. Typically, sales, business, or real estate taxes are good candidates. Others that should be considered (depending on the focus of the impact assessment) are special fees paid, professional licenses, and permits.

**Demographic and Economic Indicators.** The smaller the geographic scope, the more scarce the common economic indicators become. For example, Gross Domestic Product (GDP) is calculated at the national, state, and metropolitan statistical area (MSA) levels but not at the county or lower levels.



**Business Survey Data.** Often the most useful data set is one the EDO maintains on its own. A pre-disaster data set on industry classification, employment size, emergency contact information, and other attributes can provide a valuable baseline of economic impact measurements.

**Commercially Available Data.** There are several firms that provide more granular, business-specific data derived from a multitude of sources not available to the general public without cost. These data sets can be very comprehensive, but must be considered as limited to the assumptions made by the vendor who collected it. A common example of one of these vendors is Dunn & Bradstreet (D&B) who offer a wide range of attribute data up to very small geographic scales.

### Post-Disaster Data Sources:

**Survey Data.** Direct site surveys of damaged areas can be geocoded to be included in other datasets. Additional surveys can capture business impact attribute data which can show trends of recovery issues geographically.

**Remote Sensing Data.** Data collected from aerial surveys or satellites can be analyzed using complex algorithms managed by the federal government. These analyses can compare the visual data of pre-disaster conditions and extrapolate the post-disaster damage based on the updated images.

**Recovery Program Assistance Data.** Program data on the number of applications for certain types of assistance can provide the best available post-disaster business impact indicators (with the exception of direct site surveys) by demonstrating spatial patterns of *demand* for recovery assistance. One example are the statistics about registration in FEMA's Individual Assistance program and loan applications issued by the Small Business Administration (SBA).

### Step 5: Reporting Data

While disaster impact studies can be a useful tool for understanding impacts and seeking funding, they can also be misinterpreted by media or the public. The EDO heading up a disaster impact study has the responsibility to control and frame the information within it, and vouch for the methods used to create it. Since the study is a projection of one or more possible scenarios, EDOs or chambers must use caution and judgment in sharing their findings.

- Be careful that studies aren't quoted and taken as fact. While the media will want numbers before the disaster is over, be aware that information changes over time.
- Be prepared to back up methodology and figures to government officials.
- Use information honestly, with credibility. You will find receptive allies; arm them with an ability to convince skeptics or answer questions. Point out positives of advocated positions, and be straightforward and upfront.



### Case Study: The Economic Impact of the Deepwater Horizon Oil Spill

On April 20, 2010 the Deepwater Horizon oil well burst, leading to a catastrophic oil spill that spread throughout the Gulf Coast. Greater New Orleans (GNO), Inc., a regional economic development organization representing 10 parishes in Louisiana, is among several groups that made efforts to measure the economic impact of the spill. GNO, Inc. conducted a three-part series throughout the year following the disaster that included both quantitative and qualitative analysis revolving around regional economic impact in three areas: fisheries, drilling moratoria, and brand damage.

To project the impact of damage to fisheries, GNO, Inc. used RIMS II multipliers from the Bureau of Economic Analysis. GNO, Inc. created three-year estimates for lost revenues, the number of negatively impacted full-time employees, and loss of output and earnings across the regional economy due to the damage to fisheries. In observing the effects of the drilling moratorium on local businesses, the organization categorized impacted firms into three categories: direct (e.g. oil companies), indirect (e.g. drilling equipment suppliers), and induced (e.g. stores with customer bases that include those from direct and indirect categories). The organization observed the level of wages, tax revenues, and royalties associated in these categories. GNO also looked at indicators without tangible dollar measures, such as the number of new drilling permits granted.

A conversation with a project lead at GNO revealed some useful insight. He emphasized the importance of isolating fiscal impact so that tax revenue can be specifically singled out. Given the variance between different studies, tax revenue can be considered a common variable that stakeholders can relate to.

## Advice on Hiring a Consultant

Because many EDOs have sought to conduct economic impact assessments by outsourcing the requirement to industry consultants, IEDC has developed this section to provide some advice. First, the scope and goals of a project should be determined and be made clear to the consultant. This includes what the scope of geography should be as well as what type of analysis should be conducted. Second, the consultant should seek to work with multiple stakeholders to complete the project.

Cost is often the main concern in determining the selected consultant. However, sometimes a less expensive study can translate into a lack of experience in performing this type of analysis or less scope coverage.

### Determining Goals

Shaping the scope of a request for a study may prove difficult. In this case, consider asking an economist or university researcher with help in developing a request for proposal (RFP) and recommending a methodology. This will not only help determine proper goals for the study, but can also provide a rational basis to follow when deciding between multiple consultants who may have different methods. After a consultant or group of



consultants has been identified, the contracting agency should also review the proposed scope of work(s) and make recommendations before a consultant is determined.

The EDO should also determine, in advance, to what extent *they* will be participating in the assessment process. Questions about setting review milestones, the extent to which the consultant is permitted to independently engage community stakeholders, and the public message about the how and why the study is being conducted are key. Unfortunately, there have been many impact assessment efforts that were derailed because of consultants misrepresenting their client's commitment and inappropriately elevating (or diminishing) local expectations. Others have been so tightly controlled that the consultant was ineffective in reaching a broad enough audience to gather the requisite information. The result was a study that only partly reflected the impacts and can then lose credibility as a decision-making tool.

### Evaluating Your Options

There are several kinds of entities that perform economic impact studies. Given that many local governments or chambers of commerce do not have the capacity or expertise to conduct the necessary analyses in-house; it is a common practice to seek the services of a consulting firm or services from a local university department or center.

The needs for a final product should be balanced with respect to timing, available funding, and the reputation of the potential analyst/consultant. It is important to seek consultants with credibility and experience in conducting these types of post-disaster economic-impact studies.

### The Costs of Conducting a Study

Depending on the scope of the study, an economic impact study can cost anywhere from \$10,000 to \$100,000 up to several hundreds of thousands of dollars for an extensive study. While basic studies can be done for relatively low costs, communities should plan to spend between \$40,000 and \$75,000 if they plan to request a relatively robust study. Much of the cost is associated with the data collection aspect of the project.





### The AUBER Network

AUBER stands for Association for University Business and Economic Research. Since 1947, this group has served as the professional association of businesses and economic research organizations in public and private universities. They work to improve the quality, effectiveness, and application of research in business, economics, and public policy.

According to their website, [www.auber.org](http://www.auber.org), their members engage in a diverse array of applied economic research, with many AUBER member organizations providing their communities with public presentations, forums, economic outlooks, and workshops in areas of interest to the business community. Many of their members maintain State Data Centers and facilitate public access to a wide variety of federal, state, and local data and statistics.

Their website provides a [location service](#) to find local AUBER units which can provide research such as economic studies and impact analyses.

## Conclusion

Post-disaster economic impact studies are helpful in determining economic losses and demonstrating the need for outside aid and resources. This type of study serves a critical function in securing the resources necessary to recover from the event. However, these types of studies should not seek to replace a long-term recovery plan, but should serve to complement one. When pursuing this type of study, it is important to consider the constraints of time and resources raised above. Yet, the intelligence that is gathered from such an exercise will pay off dividends in helping local communities to know how the local economy has been impacted and to chart a course of recovery so the community can move on.

### Examples of Post-Disaster Impact Studies

A Study of the Economic Impact of the Deepwater Horizon Oil Spill (Conducted by GNO, Inc.)  
[http://gnoinc.org/wp-content/uploads/GNO\\_Inc\\_EIS\\_FINAL\\_FINAL\\_Publication.pdf](http://gnoinc.org/wp-content/uploads/GNO_Inc_EIS_FINAL_FINAL_Publication.pdf)

Preliminary Estimates of Impact of Hurricanes Ike and Gustav on Louisiana (Conducted by the state's office of economic development- Louisiana Economic Development)  
<http://www.doa.louisiana.gov/cdbg/dr/PDF/GustavIkeEconomicImpact.pdf>

Additional website links for tools discussed in this chapter:

BEA RIMS (<https://www.bea.gov/regional/rims/rimsii/>)

REMI (<http://www.remi.com/>)

IMPLAN (<https://implan.com/>)



### Additional reading that you may find helpful

“Assessing Community Impacts of Natural Disasters.” Lindell, Michael and Carla Prater.

[http://www.tc.umn.edu/~blume013/Lindell\\_Prater2003.pdf](http://www.tc.umn.edu/~blume013/Lindell_Prater2003.pdf)

“Economics of Natural Disasters: A Critical Review. Okuyama, Yasuhide.

<http://www.ibcperu.org/doc/isis/14698.pdf>

“The Role of Business in Disaster Response.” US Chamber of Commerce.

<http://bcllc.uschamber.com/sites/default/files/documents/files/Role%20of%20Business%20in%20Disaster%20Response.pdf>

“Natural Hazards, Unnatural Disasters- The Economics of Effective Prevention.” World Bank and United Nations.

<http://issuu.com/world.bank.publications/docs/9780821380505?mode=embed&layout=http://skin.issuu.com/v/light/layout.xml&showFlipBtn=true>

“A Framework for Analyzing the Total Economic Impacts of Terrorist Attacks and Natural Disasters.” Rose, Adam Z., Journal of Homeland Security and Emergency Management, Vol 6, Issue 1, Article 9, 2009,

[http://research.create.usc.edu/cgi/viewcontent.cgi?article=1012&context=published\\_papers](http://research.create.usc.edu/cgi/viewcontent.cgi?article=1012&context=published_papers)

“Economic applications in disaster research, mitigation, and planning.” Clower, Terry L. PhD, Center for Economic Development and Research, University of North Texas, <http://www.training.fema.gov/>

“Economic Impact of Natural Disasters on Development in the Pacific.” McKenzie, Emily; Prasad, Dr. Biman, Kaloumaria, Atu, Australian Agency for International Development (AusAID), 2006.

[http://aid.dfat.gov.au/Publications/Pages/9988\\_7222\\_3332\\_5331\\_7333.aspx](http://aid.dfat.gov.au/Publications/Pages/9988_7222_3332_5331_7333.aspx)

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<http://www.jstor.org/discover/10.2307/251080?uid=2&uid=4&sid=21104888029447>

“Wealth and Income Effects of Natural Disasters: An Econometric Analysis of Hurricane Hugo.” Guimaraes, Paulo, Hefner, Frank L., Woodward, Douglas P., Division of Research, College of Business Administration, University of South Carolina, 1992. <http://journal.srsa.org/ojs/index.php/RRS/article/view/23.2.1>

“the Causal Effect of Environmental Catastrophe on Long-run Economic Growth: Evidence from 6,700 Cyclones, Hsiang, Solomon M, Jina, Amir S., National Bureau of Economic Research, July 2014.

<http://www.nber.org/papers/w20352>

“Indicators of Progress: Guidance on Measuring the Reduction of Disaster Risks and the Implementation of the Hyogo Framework for Action.” United Nations, 2008. <http://www.unisdr.org/we/inform/publications/2259>



“Disaster Impact and Unmet Needs Assessment Kit.” CDBG-DR Toolkits, Department of Housing and Urban Development, March, 2013. <https://www.hudexchange.info/resource/2870/disaster-impact-and-unmet-needs-assessment-kit/>

“Tight Coupling, Open Systems, and Losses from Extreme Events.” Alesch, Daniel J. PhD, Holly, James N. PhD, Public Entity Risk Institute, 1999, [http://www.riskinstitute.org/peri/images/file/Alesch\\_Tight\\_Coupling\\_Open\\_Systems\\_and\\_Losses\\_From\\_Extreme\\_Events.pdf](http://www.riskinstitute.org/peri/images/file/Alesch_Tight_Coupling_Open_Systems_and_Losses_From_Extreme_Events.pdf)

“The Northridge Earthquake, USA and its Economic and Social Impacts.” Petak, William J., Elahi, Shirin, EuroConference on Global Change and Catastrophe Risk Management, 2000. <http://resilience.abag.ca.gov/wp-content/documents/resilience/toolkit/The%20Northridge%20Earthquake%20and%20its%20Economic%20and%20Social%20Impacts.pdf>

“Conducting a Community Audit: Assessing the Workforce Development Needs and Resources of Your Community.” US Department of Labor, Employment and Training Administration, Office of Adult Services, August 2000. [http://www.doleta.gov/layoff/pdf/conducting\\_a\\_community\\_audit.pdf](http://www.doleta.gov/layoff/pdf/conducting_a_community_audit.pdf)

“Winners and Losers: Predicting Business Disaster Recovery Outcomes Following the Northridge Earthquake.” Dahlhamer, James M., Tierney, Kathleen J., University of Delaware Disaster Research Center, 1996. <http://dspace.udel.edu/handle/19716/651>

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“Economic Impact Assessment of Hurricane Floyd.” US Economic Development Agency, Federal Emergency Management Agency, March 2000. <http://www.fema.gov/media-library/assets/documents/5539>

“Galveston Island Tourism Economic Impact Analysis.” AngelouEconomics, 2008. <http://www.cityofgalveston.org/DocumentCenter/Home/View/215>

“Community Economic Analysis: A How To Manual.” Hustedde, Ronald J., Shaffer, Ron, Pulver, Glen. 1984. <http://www.epa.gov/greenkit/pdfs/howto.pdf>



# Chapter VII: Crisis Communications

## Overview

Traditional channels of communication are almost always challenged following a major disaster due to the disruption of telecommunications and transportation systems. But they can also become conflicted by a multitude of urgent and conflicting messages. Businesses may struggle to get in touch with their employees, their vendors, and their customers. A disaster can introduce a degree of uncertainty into what would otherwise be routine communications. For example, many businesses may feel a need to communicate their “closed” status, but they could be reluctant to broadcast that message too widely so as to not damage their “brand.” Also, businesses don’t always know which information sources are credible or trustworthy to get accurate information. Rumors often spread quickly in this type of environment, which can greatly impede the recovery of businesses and industry.

For example, if a business hears from a familiar, but unofficial source (like a neighboring business) that the power will not be restored for four to six weeks, the business may make deleterious decisions when the truth could be far more positive. Therefore, it is vital for the business community to have active communication channels to local officials and from local officials.

The EDO can serve a critical role in facilitating that communication. Their engagement can assist businesses in communicating their needs/issues to local officials, provide platforms to announce restoration status, and in receiving the most current and accurate recovery information. This way, the EDO can serve as an “independent” and credible source for information to provide the local marketplace with the most accurate information from which businesses can make better decisions.

## Multiple Audiences in Crisis Communication

### Communicating with the Business Community

The key role of a lead organization in economic recovery is to address the following communication needs of business and industry following a major incident:

Listening to businesses to understand their needs in order to:

- Help connect businesses with available resources and services providers
- Understand the need to work with all local partners to persuade decision-makers at the local, state and federal level of any needed additional resources to meet local business needs



- Quickly disseminate relevant information to businesses regarding available resources, and connect them to service providers who can help with cleanup, financing, business counsel, and rebuilding efforts.

### Communicating with Stakeholders at the Emergency Operations Center (EOC)

Chambers of commerce and/or economic development organizations (EDO) should make sure they have a senior staff member serve at the local area's Emergency Operations Center (EOC) to facilitate communication and dispel rumors and misinformation among the business community. The EOC functions as the central location for coordinating and carrying out the emergency planning, training, and response and recovery efforts of the local jurisdiction. The EOC helps to ensure the continuity of government operations in the event of a crisis. In a case where the EOC is fully activated by a major incident, it will include the co-location of representatives of various municipal departments, emergency responders, state and federal agencies, and non-profit and faith-based organizations.

Communication regarding local business damages and what they need to recover is an important function that the chamber or EDO representative can play at the EOC. This representative can learn about available federal and state resources that may be available to local businesses and help facilitate this communication in the days and weeks following a disaster. This position of business and industry representation at the EOC should be established well before a major crisis. It is unrealistic to assume in the chaotic environment following a disaster that the local chamber will be automatically invited to participate.

### Communicating with the Media

In addition to communicating with the business community, the lead economic development organization or chamber of commerce, along with its partners, must develop a communications strategy for dealing with the media, before a community experiences a major crisis. Depending on the magnitude of the disaster and the competition for news coverage, the media will be seeking to fill space in their 24/7 news cycle with details on your community's disaster. Is your community prepared to handle that type of attention from regional, national and global media outlets?

With the rise in 24-hour cable programming, online news and blogs, communities are struggling to communicate at the speed and demand of media outlets to deal with the public's insatiable appetite for content. If a spokesperson for the business community fails to respond to the media's interest in a comment about a crisis, then the media will turn to an alternative source. Inevitably, negative messages about the business environment and the recovery process will be brought to light in this process. EDOs must maintain an active effort with their local officials to maintain a "unity of communication" on messaging. Those messages must be factually accurate and unambiguous recovery information to provide a clear contrast with the propensity for sensationalism.

### Communicating with the State and Federal Government

While the EOC will be heavily staffed with local, state, and federal emergency management officials, there is often a need to communicate regularly with economic development-focused agencies. These officials at the state and federal levels can be very helpful in guiding EDOs to available resources, funding, and help them



inform future recovery actions. Also, there will likely be a steady demand for impact information *from* the state and federal level as they evaluate their need to engage and prioritize the delivery of recovery assistance.

In addition, necessity after a major disaster is maintaining regular and active communication with state legislators and the communities Congressional offices. Keeping these representatives well informed of the recovery challenges and opportunities can be very helpful in engaging them as advocates on your behalf. In addition, by being well informed about the recovery progress they can, in turn, make more informed decisions and recommendations to support agency actions, supplemental appropriations, and legislated waivers for existing requirements.

### Emergency Communications Checklist

A checklist created by the U.S. Small Business Administration (SBA) can be used by both economic development organizations and businesses to formulate an emergency communications plan. Though many of the items on the checklist can seem obvious, in crisis, having a plan with complete information can save time and cost – and reputation.

Access the SBA Emergency Communications Checklist in [Resource Appendix 12](#) or at <http://www2.agilityrecovery.com/assets/SBA/emcommsba.pdf>

## Creating a Communication Strategy / Plan Before a Crisis

Regardless of the nature and severity of the disaster, a key responsibility of any economic development organization playing a lead recovery role is to develop a crisis communication strategy that will address the following factors:

- **Communication between economic recovery partner organizations and businesses.** A key problem identified in many disaster-impacted communities is the difficulty in communicating with affected businesses, particularly those that temporarily relocate out of the area. Partners in economic recovery such as local chambers and EDOs can't help the business community recover if they cannot communicate with each other. Having a plan in place can help these partners reconnect with their member businesses, meet their needs, and work to ensure that they don't relocate permanently.
- **Communication between local government/disaster response agencies and the business community.** The business community needs to know the status of recovery efforts; how to access assistance; and what decisions are being made at the state and federal levels that will affect them. Inaccurate information can spread quickly through the business community and harm confidence in recovery efforts. Businesses need clear and accurate information from trusted sources.
- **Public relations or image considerations.** The community will want to influence its image as perceived by external audiences so that its economic recovery is not jeopardized by incorrect or negative perceptions. Simultaneously, the community also may want to communicate to those in a position to





provide assistance – such as state and federal governments – that such help is needed. This can be particularly challenging when tourism is a major industry for the community.

- **Potential conflicts among, and capacity of, economic recovery partner organizations.** Economic recovery partners must ensure that the needs of their business constituents are being met in the time of a crisis. Local communities often have multiple economic development organizations and chambers of commerce, which may or may not have a history of working closely together with their business networks. In a crisis, these relationships with each other can become further strained. Advance planning to discuss and divide up roles and responsibilities among partnering organizations – who will do what, with whom, how and when – will go a long way in ensuring that no one group is overwhelmed with recovery work. Backup plans should be in place in case one or more of the partner organizations is directly impacted by the crisis, and unable to fulfill its role.

### Case Study: EDO Role in Post-Disaster Communication in Polk County, FL

The Central Florida Development Council (CFDC), Polk County's Economic Development Organization (EDO), understood that communication was crucial when Polk County was struck by a series of three hurricanes in 2004/05. The Polk County Emergency Management office released a daily news flier in English and Spanish on general community recovery, and the CFDC in partnership with the county's 13 chambers of commerce provided needed information for the business community. CFDC updated its website homepage on a daily basis to provide updates on recovery information needed by local businesses.

Updates included a list of vacant space for temporary needs, a list of licensed contractors within the region, and business recovery resources such as capital and technical assistance programs. The list of licensed contractors was especially valuable, to avoid scams by unlicensed contractors taking advantage of the disaster. The CFDC also provided hard copies of the list to each of the 13 chambers to distribute through their own business networks to make sure the information was distributed despite power outages.

CFDC also utilized local media to communicate about the locations of economic recovery meetings and services available to local businesses. CFDC spent approximately \$15,000 on several newspaper ads in the local newspaper.. Although expensive, this was crucial in reaching businesses without power and internet access.

*To learn more of Polk County's story, you can read the full case study in the [Case Study Appendix 2](#).*

## Maintaining Open Communication Channels

Local government will make emergency management decisions that will have a direct consequence on local businesses. Emergency management plans, prepared far in advance of a major catastrophe, will be launched, which are likely to discuss issues such as business reentry, access to property, a phased approach to power restoration, etc. which impact local businesses' ability to respond and recover. Changes to or awareness of these emergency response plans should occur before a disaster impacts the community.



## Before the Disaster: Establishing a Place at the Table

EDOs can serve as the link between government-led emergency management and the business community, but channels of communication must be established long before disaster strikes. To gain a seat at the table, EDOs and chambers of commerce need to be regarded as a valuable communication link to local businesses by making sure they regularly communicate with their network and provide value-added services day-in and day-out. In a disaster, businesses will first approach organizations they are confident they can rely on for timely and credible response and recovery information.

The community's lead EDO or chamber should ensure that either a staff member or a representative from the business community participates in emergency preparation and planning activities, particularly in close communication with the local area's Office of Emergency Management. This individual should be a member of the EDO's Crisis Communications team. The local jurisdiction's emergency manager is responsible for the creating the area's emergency management plans and for the key decisions which have direct impacts on the business community after a disaster.

Economic development representation enables the business community to have a voice in the emergency planning process. This can include playing a valuable communication role in discussing those plans with the business community as well as sharing feedback with the emergency manager on how their crisis plans might impact individual businesses and their ability to respond and recover. The EDO can also advocate for policies that recognize business concerns such as reentry into a disaster-impacted community, priorities for utility restoration, and services to the business community to enable business operations to resume quickly.

The most prepared States have a structure in place at the state and local levels that enables industry and business input at the emergency management table. States such as Florida, South Carolina and Louisiana have established a state-level emergency support function (ESF) for business and industry to enable greater coordination and planning between different government agencies, the private sector and other non-profits. These ESF teams are also established at the local level, which enables them to receive FEMA funds for planning, and ensures that your business representative is included in the community's Emergency Operations Center (EOC) in the event of a disaster.

For those states that have not established a state-level ESF structure that is mirrored at the local level, consider advocating for a 'business and industry' ESF structure to be established that will help ensure the business community is appropriately involved in disaster response and recovery.

## After a Disaster

Economic development organizations provide key links to inform local government officials about the needs of business and industry, and can advocate for recovery resources and services where there may be gaps. This includes resources in cleanup, financing, business counseling, and rebuilding. The target audiences are those in a



position to provide additional assistance beyond the private sector and insurance – primarily, the state’s political leadership and the federal government.

Messages should communicate the disaster’s economic impact (quantifiably, to the extent possible); convey any plans the community has made for economic recovery; and request specific assistance from the appropriate agency(ies).

It is recommended that the community incorporate information from the following two efforts in their communication strategy:

- **Use a post-disaster economic impact analysis.** An independent, third-party assessment of the disaster’s economic consequences will support the community’s efforts to secure resources from state and federal governments. For example, Galveston, Texas, produced a six-page recovery report one month after Hurricane Ike, which included impacts to the community; an economic climate profile (pre- and post-storm); major initiatives taken after the storm; and issues to address going forward. The State of Louisiana and GNO, Inc. have performed economic impact studies to quantify the impact of the Deepwater Horizon oil spill as well as the moratorium imposed by the Federal Government after the spill. For more information, see the chapter in this toolkit on conducting a post-disaster economic impact study.
- **Determine which local and state departments are taking the lead on different recovery issues.** Don’t assume that communicating with one agency will provide the most comprehensive or accurate information on how funds will be used for economic and business recovery purposes. This is where it pays to build relationships in advance of a disaster with state and federal officials who can provide advice and resources.

## Providing Timely Information and Dispelling Rumors

Providing timely and accurate information from a credible source to business and industry will help to dispel rumors and misinformation that can be harmful to the business community following a major event.

### Before a Disaster: Establish a Crisis Communication Plan with a Process for Internal and External Communication

It is recommended that economic development organizations or chambers create a crisis communications plan with communication strategies that are developed ahead of time to anticipate problems. This plan helps the organization to be better prepared to communicate effectively in the event of a major crisis. The plan should consider multiple audiences to communicate with – both internal and external members of the community - and the valuable messages to consider communicating with different audience members.

EDOs should identify a system for communicating with staff after a disaster as part of their business continuity planning effort. They should also be concerned about the perception of their community after a disaster by what the local, regional and national media communicate to their audience. EDOs and chambers can craft a press release in advance to be used and updated in the case of a major incident.



Peggy Bendel of Bendel Communications International, a globally recognized leader in crisis communication and media training, has outlined what should be included in that plan. See the text box below.

### Four Essential Steps for Creating Your Crisis Communications Plan

**Step 1: Designate the Key Members of Your Crisis Communications Team – and Their Backups.** This includes a primary spokesperson, a secondary spokesperson, a technical expert, and a chief communications or public relations officer.

**Step 2: Brainstorm “What-ifs?” Be Creative – and Pessimistic!** Explore all aspects that might precipitate a crisis, including your geographic area, political climate, security issues, financial concerns, weather, logistical issues, health considerations, etc.

**Step 3: Determine Who You Will Need to Contact in Various Crises, and Gather Their Contact Details.** It is important to have a contact list of those who play a critical function either internally or externally for your organization (employees, vendors, clients, and key local officials). Make sure to have ALL of their home and office contact details so you can communicate with them even if the power is out, and it’s a Sunday or a holiday weekend.

**Step 4: Update Your Plan, Frequently!** Review your plan at least once year, particularly the ‘what-if’ scenarios, the crisis communications team roster, and contact list.

Source: Bendel, P. (2012). *Four Essential Steps for Creating Your Crisis Communications Plan. It’s a Crisis! NOW What?* Tucson, AZ: Sutherland House Publishing (pp. 33 – 46).

### Establish a Process for Internal Communication

Economic recovery partner organizations must themselves be prepared to communicate in a disaster situation. At a minimum, they should have:

- A system in place for backing up key office files and data, and a method for accessing that information in different crisis scenarios. It may be valuable to have the backup located in a secure location in the “cloud,” or at a minimum offsite (and out of harm’s way in areas that are subject to regular incidents such as hurricanes, floods or tornados.
- Updated staff contact information, including nights/weekend contact details, and a system in place for communicating with staff after a disaster.
- Current contact information for business clients – ideally, the name(s) and contact information of one or several key executives who would be the main contact for business recovery issues in a post-disaster situation.

This is important not just for major employers, but also for small businesses and cultural, tourism and other relevant nonprofit organizations. Partners in economic recovery may want to consider sharing this information with the lead economic recovery organization so that a central contact database can be created.



## Establish a Process for External Communication

Economic development organizations and chambers of commerce should also determine how they will communicate with external partners such as the media in the event of a crisis. The plan should designate who serves as the primary and secondary spokesperson, what to consider sharing and what to avoid. Spokespersons should be media-trained, on camera! Doing this well in advance of a crisis helps the organization to be better prepared to communicate during one. See below for further ideas for what to include in your crisis communication plan as it relates to external communication.

### Case Study: Joplin Internal Communications

Rob O'Brian, president of the Joplin Area Chamber of Commerce, noted that having a business continuity plan for his chamber was an important tool after Joplin was struck by an EF-5 tornado, the most powerful ever to hit the US. The plan included methods for effectively communicating with internal staff members even when phone and internet lines were down. The chamber's plan designated emergency meeting locations and used SMS text messaging . It also had on file the cell phone numbers of key local business owners.

*For more on Joplin, see [Case Study Appendix 1](#).*

For more information on efforts to prepare your organization and the local business community for a major disaster, see the Disaster Preparation chapter in this toolkit.

## Acknowledge Reality!

If a weather event such as a tornado or hurricane is clearly on its way, EDOs should acknowledge it through all communication channels (social media, email, website, phone recordings, TV, radio). Messages should acknowledge the nature of the disaster, mention any factual information such as potential areas of impact and if possible, provide a time for the next update. The message does not need to be lengthy but should be positive. This is especially important if the EDO communicates with tourists and visitors. For example, Branson, Missouri's Convention and Visitors Bureau posted the following message on its Facebook page after an EF-2 tornado hit on February 29, 2012:

*Good morning fans. We experienced some strong storms early this morning and did sustain some damage in Branson and surrounding areas. Thankfully, we received ample warning and have no reported fatalities. We have already been overwhelmed with the outpouring of support from local and regional agencies. Cleanup will start in the morning and we look forward to seeing you here in 2012 to celebrate our Centennial year!*



On October 28, 2012, Atlantic City, New Jersey's 12 casinos had evacuated in advance of Hurricane Sandy. One day after the storm hit, the Atlantic City Tourism District posted the following message on Facebook with a photo and a link on Twitter:

*STATEMENT ON THE CONDITION OF THE ATLANTIC CITY BOARDWALK*

*By Atlantic City New Jersey (Notes) on Tuesday, October 30, 2012 at 8:03pm*

*The entire oceanfront Boardwalk in front of the Atlantic City casinos is undamaged with all dunes and lights intact. There is minimal-to-no visible damage to casinos and other businesses fronting the Boardwalk along the ocean.*

*The Atlantic City Boardwalk that was washed out by Hurricane Sandy is an area limited to the Boardwalk fronting the Absecon Inlet only. That small section of the Boardwalk is located in South Inlet, a prominent residential section of Atlantic City. It is a small stretch of Boardwalk that is being shown in video footage and photos.*

Sometimes it is not possible to provide all available information to the media. It is acceptable to withhold information for reasons such as public safety or the potential for a criminal investigation. However, presenting factual information as soon as it is known helps avoid the spread of inaccurate information. Ideally there will be one official source of information on these essentials, usually the Emergency Manager.

### **A Note about Tourists**

When a disaster occurs without notice, tourists already in the area need information about local conditions and where to find help – for example, whether the airport is open and flights are departing. If roads are closed or transportation is compromised in other ways, visitors need information and help to determine how they'll get home, or whether they can continue with a planned trip to the community. Any updates should note the availability of accommodations, transportation links, and open attractions and other resources and services needed by tourists. This information will normally be provided through the official tourism promotion organization, Convention and Visitors Bureau or Chamber, if tourism marketing is one of their functions. All accommodation properties should be informed of these details as well, and in turn, will apprise the tourism promotion organization of their status and ability to care for their guests.

Before Hurricane Isaac struck in August 2012, the New Orleans Convention and Visitors Bureau created a webpage to provide tourists and tourism stakeholders with updated information. It also included the announcement on its Facebook profile, and invited partners to post updates there about their status. It's important that such information be optimized for viewing on mobile devices, not just computers.





### Case Study: Coordinated Communication in Cedar Rapids for Flood Recovery

The recovery effort after the 2008 flood in Cedar Rapids, IA could have been severely hampered because of damage to the communication channels. Phone lines and internet were down, and the high volume of traffic caused cell towers to become overloaded. Although mass media was an effective tool for evacuating the community, it was difficult to use during recovery due to the many different programs and organizations running simultaneously. Resources were not being used efficiently and different groups would be unknowingly handling the same tasks.

To solve the communication issue, representatives from different programs and government organizations established the Emergency Operations Center (EOC). Through the center, tasks could be divided and assigned more efficiently. Because Priority One, a regional economic development organization, and the Chamber of Commerce were invited to have a seat in the EOC, communication between the public and private sector was fluid—Priority One and the chamber could communicate information it learned directly from its business clients to the EOC and vice versa.

A week after the flooding, the city manager of Cedar Rapids also created the Recovery and Reinvestment Coordinating Team (RRCT) to facilitate collaboration between programs. The RRCT included the chamber, local non-profits, arts and cultural groups, schools, organized labor, landlords, the Downtown District, local government, and neighborhoods. Meeting once a week, the RRCT offered a unified response to issues caused by the flood. Some of the RRCT's accomplishments included obtaining grants, allocating CDBG funding, and collaborating with the Army Corp of Engineers on flood mitigation efforts.

To learn more of Cedar Rapids' story, you can read the full case study in [Case Study Appendix 3](#).

## Unified Response in Communicating

In a disaster, consistent and accurate messaging from authorities builds confidence among community residents and business owners that the situation is being handled effectively. EDOs and chambers play a role in this process on several levels. As discussed above, they relay information from community leadership to businesses, and serve as a conduit from businesses to the government leadership. They also make sure they coordinate these communication needs with other business intermediaries so that there is a unified front in communicating and there is efficiency in getting out critical information.

### Determine Organizational Roles for Communicating

In advance of a disaster, economic development organizations, chambers and other community partners for business and industry should convene in order to discuss how they would coordinate communication with the local business community in the event of a crisis. Each group often has their network of businesses that they regularly work and communicate with. All of these groups will play an important role after a major crisis in



disseminating disaster response and recovery information to business constituents through their established networks. While there are likely to be overlaps in business networks, there is also a constituency of businesses that are not represented. By engaging these community partners in your disaster preparedness efforts, you are encouraging communication and outreach to the broadest possible range of local businesses in the event of a disaster.

It is recommended that this group either establishes a crisis communication plan for the business community or seeks to influence such a plan created by the local jurisdiction (often through the emergency manager). It should indicate which economic development organization within the community should take the lead in coordinating communications with local businesses after a disaster.

In the case of Garner, NC (near Raleigh), the city has developed a crisis communication plan whereby it has established that the economic development director serve on the city's crisis communications team in the event of a major incident. While a city may seek to naturally turn to its economic development director for this communication role, the local government can also designate the local chamber of commerce, who may be the area's recognized business leader. Following major flooding in Cedar Rapids, Iowa in 2008, the city established a Recovery and Reinvestment Coordinating Team (RRCT), whereby it invited the local chamber's executive director to serve on the team and regularly meet with other community leaders. See the Cedar Rapids text box for more information.

The designated organization playing a key communication role should be recognized as the lead by both local government and among the partners. The lead organization's role is to:

- Facilitate the flow of correct information to businesses
- Coordinate concerted outreach to reconnect with businesses and identify at-risk companies
- Build relationships with and maintain current contact information for economic recovery partner organizations, as well as city, county, state and federal partners
- Coordinate post-disaster media and political strategies.

## Establishing a Business Emergency Operations Center or Network

### Background

A Business Emergency Operations Center (BEOC) facilitates communication with businesses and industries, as well as owners and operators of critical infrastructures and key resources, to enhance emergency management efforts. BEOC supports that relationship and coordinating private sector involvement and support during a time of crisis. BEOCs work with businesses to improve their disaster preparedness; improve communication with business and industry before, during and after disaster events; rapidly develop sound economic-impact estimates to support decision making and requests for business assistance; coordinate response efforts to assist



businesses in their efforts to return to normal operations as quickly as possible; and help coordinate post disaster economic recovery.<sup>26</sup>

Disasters often remind many stakeholders in the business community of the need to have an ability to improve the speed and connectedness of recovery communications. Several states operate BEOCs, including Louisiana, Rhode Island, Missouri, and New Jersey. They take a variety of forms: State funded<sup>27</sup>, State and University Partnerships<sup>28</sup>, and privately organized collaborations with Universities<sup>29</sup>. There is also a National BEOC operated by FEMA.<sup>30</sup> They generally function as public-private partnerships, and provide a mechanism to quickly distribute information and facilitate communication between affected businesses, emergency response agencies, and needed response and recovery resources. These centers facilitate communication with businesses and industries, as well as owners and operators of critical infrastructures and key resources, to enhance preparedness efforts.

Business opportunity networks are a well-established components of economic development expansion and retention efforts. They provide a trusted space for collaboration and development of productive relationships between businesses in a specific geographic area, and often result in productivity gains, new business opportunities, and/or resolution of issues that businesses cannot accomplish alone. Based on expressed interest and capacity in central Arkansas economic development organizations, there may exist the opportunity to leverage the benefits of a business opportunity network with the operational responsiveness of a BEOC. The effect, in practice, could represent a network of partners who have clearly defined steady-state and post-incident responsibilities. Combining the functions of a BEOC with the advantages of business networking could provide an effective system to link public resources with private needs and coordinate business-to-business involvement and support during a time of crisis.

An effective Business Emergency Operations Center/Network could work with businesses to improve their disaster preparedness; improve communication with and between business and industry before, during and after disaster events; provide a venue for training and building of relationships between and among businesses and support organizations to enhance business continuity; coordinate response efforts to assist businesses in their efforts to return to normal operations as quickly as possible; and help coordinate overall emergency response and resilience efforts.

These centers can provide several services to the business community:

1. Business-to-business collaboration and communication as a hub to connect private sector organizations with each other, and with emergency response and recovery efforts

<sup>26</sup> The Louisiana Business Emergency Operations Center (n.d) [Webpage]. Accessible at <http://www.labeoc.org/labeoc/welcome.aspx>

<sup>27</sup> Missouri State Emergency Management Agency (2012, January). *State of Missouri Business Emergency Operations Center* [Guide]. Retrieved from: <http://sema.dps.mo.gov/programs/lrmfm/BEOC.pdf>

<sup>28</sup> Ibid (1)

<sup>29</sup> Business Emergency Operations Center (2008, February 1) [Concept Overview]. New Jersey. Retrieved from: <http://chumer.com/beoc/BEOC.pdf>

<sup>30</sup> Federal Emergency Management Agency (n.d.). National Business Emergency Operations Center [Fact Sheet]. Retrieved from: [http://www.fema.gov/media-library-data/20130726-1852-25045-2704/fema\\_factsheet\\_nbeoc\\_final\\_508.pdf](http://www.fema.gov/media-library-data/20130726-1852-25045-2704/fema_factsheet_nbeoc_final_508.pdf)



2. Interface with local and federal emergency operations centers to ensure assistance and resources are being directed to businesses in need
3. Business to non-governmental organization (NGO) collaboration, specifically to Voluntary Organizations Active in Disasters (VOADs) for more effective response
4. Facilitate business case management, as a key attribute of successful recovery efforts are those who position trained business counselors to facilitate the unique needs of impacted businesses.
5. Encourage Inter-firm Collaboration for more effective response and business continuity through facilitating the building of relationships and trust between and among businesses

These centers can provide and leverage assets to provide direct technical assistance to help businesses and communities, including:

1. Volunteer and Professional Staff, which is composed of pre-trained and pre-equipped individuals who have been empowered by their private sector employers, or receive grant and/or other funding as professional staff to participate in center outreach activities.
2. Physical, virtual, and mobile components, which include a communications hub linked to the state department of emergency management emergency operations, mobile aid facilities, and use of communications technologies such as smartphone applications (apps).
3. Volunteer registry, training, deployment, and management, working with VOADs and other NGOs to coordinate voluntary assistance to the business community.

Often the viability of a BEOC effort is that each partner organization, while contributing “out of hide,” it generally doesn’t do so far outside its established mission. The effect is a cooperative-like coalition where the capabilities and equities of many stakeholders can be integrated to provide the business community more efficient service offerings. Also, a public-private partnership model could be implemented, with contributions of donated staff time of organizations the state economic development agency, office of emergency management, economic development organizations (local and regional), business and industry associations, and the university system. Many models exist for long-term sustainment of support and private sector participation. One such model suggests businesses would be asked to pay a fee-for-service membership agreement. Other models focus at the organizational level as benefits of member organizations (like Chambers of Commerce or professional associations).

## Communication Strategies

After a disaster, it is essential to communicate on all platforms to reach businesses with essential information for their own recovery process such as the timing on restoring utility service, the city’s inspection and rebuilding requirements, a list of local- and/or state-licensed contractors, how to select and pay a contractor, how to deal with insurance companies and more.

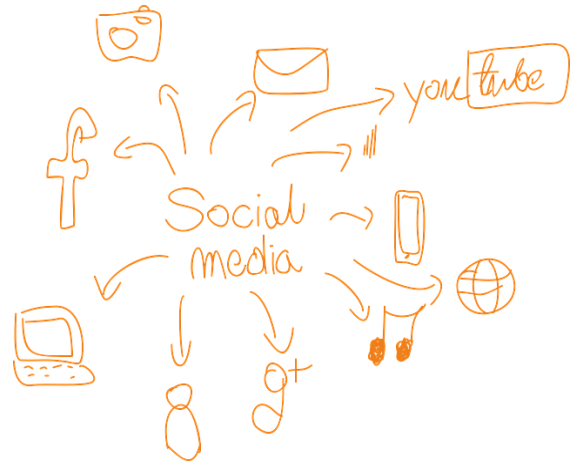
Businesses, particularly small businesses, also need information on how to navigate local, state and federal government assistance programs, such as the U.S. Small Business Administration’s (SBA) technical and other sources of financial assistance such as a bridge loan for working capital. See the chapter on Small Business



Assistance for more information on establishing a business recovery center and other small business assistance efforts.

Local business leaders also need to be aware of response efforts, and involved in the decision-making process of plans to rebuild the community. Even when decisions about the process have not yet been made by local government, it is still important for local officials to communicate with community stakeholders about the progress rather than leave a vacuum, which is likely to be filled with speculation and misinformation.

Communities should seek to market these recovery resources in the local media as well as using grassroots efforts when internet and phone lines are not working. Some Florida communities canvass with flyers to advertise local business recovery centers immediately after a hurricane to ensure direct contact with local business owners. In Joplin, MO, the local chamber went door to door to businesses a few days after an EF-5 tornado struck the area and destroyed one-third of the city. Chamber staff extended compassion to those business owners who were often still in shock regarding their business loss, an effort which went a long way in establishing trust when the business owner was ready to decide where and how to rebuild and needed assistance.



Source: <http://halspages.com/professional-services/social-media/>

A summary of key information for business recovery and assistance should be made available in hard copy format to distribute to businesses without access to email, Internet or phone.

## Texting

Due to differences in networks between texting and cell phone services, texting is often available even when cell phone networks are down. Especially in the immediate aftermath of a disaster, texting can facilitate immediate communication on where to find safe spaces and resources such as food and water or where to get in touch with immediate business recovery services such as the business recovery center.

- **Collect numbers before the storm.** In order to be prepared to send text messages in the event of a disaster, collection of key cell phone numbers prior to a crisis is essential.
- **Know your audience.** Text messages should be calibrated to the audience they are meant to reach. An internal text message will have a different tone than one sent to the general public.
- **Keep it simple and clear.** Craft messages that convey key information and are clear and easily understood by all. Consider sending messages in multiple languages if targeting a diverse population.
- **Arrange for a mass text messaging service before the crisis.** Contract with a mass text messaging service in advance of disaster. When sending a mass text message, be prepared for questions and requests for further information in response.



## Social Media

Social media has become an essential component of disaster communication. Due to wireless networks, the internet can be accessed by smartphones even when telephone or cellular networks are down. This makes it an essential tool for communication in the aftermath of a disaster. In Joplin, MO, the chamber started posting critical information on their Facebook page only one hour after the tornado hit the city. The chamber's Facebook page quickly became a credible source of business recovery information because their communications manager regularly posted timely and reliable information (see below text box on Joplin).

Businesses can also benefit from using social media. As they are able to open back up after an event, they can communicate with their customers and the public, letting them know they are back in business. For major disasters, application companies like Yelp have marketed the listing of disaster-impacted businesses in a neighborhood as having recently re-opened their doors to encourage local and regional residents to patronize their business.

Under Mayor Bloomberg, New York City increased its social media presence, which proved to be an effective communication strategy during Superstorm Sandy. Throughout the storm, NYC Digital, a part of the Mayor's Office of Media and Entertainment, monitored social media for public reactions to the storm, sending daily reports to City Hall. Questions asked on Twitter were responded to directly, and the City's Tumblr account and Facebook page published information from each press conference. The public could sign up to receive text alerts from the Mayor's Office Twitter account, @NYCMayorsOffice, which served as an alternative digital resource to the City's website, once people lost power and Internet access.<sup>31</sup>

## Communicating through Social Media

Below are some tips for using social media effectively, channel by channel:

- **Facebook.** New updates to this service do not prioritize chronological posting. Make sure to indicate time and date of post, and when the next update will be posted.
- **Twitter.** Tweet when there is news, but no less than once daily. Monitor Twitter for trends related to your community, and be aware that while tweets are up to the minute, they are not always reliable.
- **LinkedIn.** In the recovery phase after a disaster, use this service to connect with larger organizations to solicit support or spread messages on a national scale.
- **Yelp.** This app is often used to locate retail businesses and learn about the public's reviews of the service or product. There are creative examples of how the app has been used to advertise businesses in Lower Manhattan neighborhoods following Hurricane Sandy.
- **Blogs.** If your organization has a blog that has followers among your target audiences, and you have access to power, make sure it is updated frequently. In the ensuing weeks during the recovery process, monitor the local community blogs, and link to pertinent stories or calls for help.
- **Online message boards and bulletin boards.** Post-disaster, online message and bulletin boards, such as Craigslist can help locate missing persons or offer or seek assistance.

<sup>31</sup> US Department of Homeland Security (June 2013). *Lessons Learned: Social Media and Hurricane Sandy* [report by Virtual Social Media Working Group and DHS First Responders Group]. Retrieved from: <https://www.llis.dhs.gov/content/lessons-learned-social-media-and-hurricane-sandy>





### Case Study: Joplin's Social Media Strategy

On May 22, 2011, an EF-5 tornado tore a path roughly one mile wide through the southern part of Joplin. The tornado had affected technology-based communications, so the Joplin Area Chamber of Commerce chose to communicate with businesses in person. The chamber had backed up its data to a secure server more than 80 miles away as part of its preparedness plan, so they were ready to assist businesses days after the tornado. Joplin also utilized social media extensively, posting on Facebook within an hour of the tornado to relay initial information and resources. The chamber rebuilt their website to focus on resources and provide an update on the status of the businesses. They also created an employer tracking system from emergency grant funds that was staffed through the workforce investment board.

The chamber also set up and staffed an information hotline in order to combat potential misinformation from other sources. The chamber dedicated several staff members to answering calls from businesses about utility restoration, cleanup, business services, rebuilding efforts and other practical matters important for businesses in deciding whether or not to return and rebuild. Three weeks after the tornado, 1100 chamber members and 200+ non-members had been reached in some form.

*More information about Joplin's recovery can be found in the [Prioritizing Economic Recovery Actions Following a Major Disaster](#) webinar on [www.RestoreYourEconomy.com](http://www.RestoreYourEconomy.com) and in the full case study in [Case Study Appendix 2](#).*

### Social Media for Business

What can businesses do to announce that they are open to customers during and after a disaster? Perhaps the best tool they have is their existing social media presence. Business can use their accounts on Twitter, Facebook, Vine, YouTube and countless other platforms to announce whether they are open, if they have a temporary location, and what products will be available or unavailable. Loyal customers will often support re-tweet and re-post the news that a vital or beloved local business is open again, even in a limited capacity, after a disaster.<sup>32</sup> In order to be effective, however, this strategy depends on businesses establishing social media accounts and audience prior to any crisis. Therefore, EDOs should explain to business owners that social media can be used not just as a great fair-weather marketing tool, but also as a valuable plank in their disaster preparedness plans.

So that customers will not be confused by misinformation, EDOs might recommend to local businesses that they establish a special crisis communication team whose responsibilities will include social media. In case of emergency, employees should be reminded that only this emergency communications team is authorized to use social media to discuss any aspect of the business's emergency and recovery efforts.<sup>33</sup>

<sup>32</sup> Missouri Business Development Program (2014). *Recovering and rebuilding after a disaster: Part 1 – Where to begin?* [Article one from a series of seven on Business Disaster Recovery]. Retrieved on August 15, 2014, from <http://missouribusiness.net/article/recover-rebuild-disaster1-where-to-begin>

<sup>33</sup> Goldman, S. B. (2014, August 6). *The top ten business continuity and disaster recovery trends*. Retrieved August 15, 2014, from <http://continuitycentral.com/feature1211.html>



One publicity strategy for the crisis communications is to tie business-related posts into larger recovery efforts by adding messages of condolence to victims, support—and special offers—for emergency workers, or civic pride by using trending hashtags, such as the well-known #bostonstrong tag from the 2013 Boston Marathon bombings. Another is to make the best of an unfortunate situation. For instance, during Hurricane Sandy, New York restaurants used social media to advertise ‘Sandy Specials’ and ‘Hurricane Menus’. Manhattan restaurant Pounds & Ounces tweeted that it was holding a ‘Bring your own flashlight’ party.<sup>34</sup> However, since customers may have limited battery life and internet access early in the disaster recovery, businesses should be relatively brief in their social media broadcasts.<sup>35</sup>

Organizations leading the communication efforts can contribute to these efforts by generating standardized messaging and centralized platforms for businesses to use. In the aftermath of the Joplin, Missouri tornado, locals set up an online clearinghouse for information, [www.joplintornado.info](http://www.joplintornado.info), which included a listing of businesses and their status (open, relocated, closed etc.) that businesses could update on their own.<sup>36</sup> When flooding hit southern Alberta, Canada in 2013, a task force which included Calgary Economic Development, the Calgary Chamber of Commerce, and the Calgary Hotel Association launched a coordinated blog [www.yycisopen.com](http://www.yycisopen.com) and hashtag, #yycisopen, for businesses to use in posting their status updates.

Businesses can even incentivize locals to blog about their recovery efforts. When the 2011 Christchurch, New Zealand earthquake caused a precipitous decline in tourism, a campaign was announced, #blog4nz, to show that the country was open for tourism. “For 72 hours, organizers want travel bloggers to publish as many articles as possible about New Zealand and for Twitter to be dominated by Tweets about travelling to the country.”<sup>37</sup> In response, the travel industry, led by Air New Zealand, offered flights, hotel stays and other rewards to the Twitter users who got the most views and re-Tweets for the campaign.<sup>38</sup> In each of these examples, businesses coordinated with other local stakeholders to deliver a clear, consistent message about business conditions.

<sup>34</sup> Morabito, G. (2012, October 31). *The ultimate Hurricane Sandy guide to NYC*. Retrieved August 15, 2014, from [http://ny.eater.com/archives/2012/10/the\\_ultimate\\_hurricane\\_sandy\\_dining\\_guide\\_to\\_nyc.php](http://ny.eater.com/archives/2012/10/the_ultimate_hurricane_sandy_dining_guide_to_nyc.php)

<sup>35</sup> Ryan, M. (2013, April 4). Social media has an emerging role in disaster recovery. *Houston Business Journal*. Retrieved August 15, 2014, from <http://www.bizjournals.com/houston/blog/socialmadness/2013/04/social-media-has-an-emerging-role-in.html?page=all>

<sup>36</sup> Joplin business status (2011). Retrived August 15, 2014, from [http://joplintornado.info/joplin\\_open\\_for\\_business/joplin\\_open\\_for\\_business.htm](http://joplintornado.info/joplin_open_for_business/joplin_open_for_business.htm)

<sup>37</sup> Blog4NZ takes New Zealand to the world. (2011, March 17). Retrieved on August 15, 2014, from [http://www.newzealand.com/travel/en/media/press-releases/2011/march-2011/tourism-news\\_blog4nz-to-the-world\\_press-release.cfm](http://www.newzealand.com/travel/en/media/press-releases/2011/march-2011/tourism-news_blog4nz-to-the-world_press-release.cfm)

<sup>38</sup> Blog4NZ: NZ is open and pumping. (2011, March 22). Retrieved on August 15, 2014, from [http://www.newzealand.com/travel/en/media/press-releases/2011/march-2011/tourism-news\\_blog4nz-pumping-nz.cfm](http://www.newzealand.com/travel/en/media/press-releases/2011/march-2011/tourism-news_blog4nz-pumping-nz.cfm)



### Case Study: New York City Department of Small Business Services Partners with Yelp

In 2012, Hurricane Sandy dealt a massive blow to businesses in the northeastern states of New York, New Jersey, and Connecticut. According to estimates from Dun and Bradstreet, the storm affected 1.5 million businesses located across 19 counties in the tri-state region.<sup>1</sup> The storm was particularly devastating to the southernmost part of New York City, where many neighborhoods were nurturing small retail corridors. In order to help these small businesses, the New York Department of Small Business Services partnered with online service Yelp to encourage patronage from users.

The partnership took a three-pronged approach. First, Yelp's local Community Managers launched an initiative called, "Yelp Builds Back," which encouraged Yelp users to shop locally, and publicized local charity events and recovery efforts. Yelp users could "opt-in" to show their support, and to share their commitment online with their networks. Additionally, a comment section on the "Yelp Builds Back" page provided a space for users to share more community rebuilding events.

The "Yelp Builds Back" page was directed by local Community Managers, and targeted towards local Yelp users, but the national offices of Yelp were also involved. Yelp donated advertising and featured links to drive users to the Support NYC Small Business interactive map and lists of businesses that were impacted by Sandy by neighborhood. The Support NYC Small Business map was built independently of Yelp, by the Department of Small Business Services. The map provided a space for businesses to report their re-opening and provide contact information. Furthermore, Yelp posted lists on their [blog](#), website, and mobile app directing users to eleven areas hardest hit by the storm.

The third prong of Yelp's engagement was to donate advertising to counter price gauging. Banner advertisements asked users "Have you experienced price gauging in New Jersey?" or "Have you experienced price gauging in New York?" If the user clicked on a button labeled, "Report It," they would be able to report their story to the New York and New Jersey Attorneys General offices.

Yelp's engagement bolstered an already strong program designed by the New York Department of Small Business Services. A comprehensive advertising campaign encouraged holiday shoppers to focus their spending on the hardest hit areas, and featured open businesses and their recovery stories featured on television, radio, bus shelters, and in print and taxi cabs.<sup>1</sup> In addition to the Support NYC Small Business map, the SDS created a "Back to Business" website with videos of open businesses featured on the map.

Yelp's engagement in Hurricane Sandy relief came at the behest of Brian Forde, the Senior Advisor to the U.S. Chief Technology Officer at The White House Office of Science and Technology Policy. However, local leaders in smaller communities who are interested in harnessing the power of online platforms can reach out to local representatives, such as Yelp's Community Managers, for assistance in getting the word out about local businesses re-opening. As in the case of New York, engagement with online services may be best leveraged by already having a strong online engagement plan in place.



## Web Portal for Businesses

Websites work best as post-disaster economic recovery tools, ideally as a page housed on an existing website, most likely that of the lead economic recovery group. It will contain business information that addresses both preparing for a disaster and critical resources for a post-disaster situation.

- **Central source of information.** The lead group and all partners should promote the site to business constituents as the place to turn for key information post-disaster.
- **Create a business contact database.** A web portal can house a database for displaced businesses to provide updated contact information. This process is easily achieved with accessible technology found on Google Drive.
- **Enable the site for mobile visitors.** Increasingly, mobile technology is used to browse the internet. A web portal should be easy to use via phone or tablet.
- **Ensure accessibility.** Provide business recovery materials and loan/grant applications in relevant languages to assist major demographic groups in your communities.

## Business Recovery Center and Hotline

A business recovery center (BRC) is a one-stop shop set up to provide local, state, and federal resources and services for businesses after a catastrophic event. They typically include a suite of public and private sector partners such as SBDCs, SBA loan officers, business counselors, and other stakeholders that serve local businesses. Because their services are tailored to address business needs, they typically are established separately from a local disaster recovery center to avoid confusion with individuals needing social services. For more information on these centers, see the Small Business Assistance chapter in this toolkit.

## External Communication

Typical channels of communication between economic development organizations (EDOs) and their members and public include press releases, email newsletters, and sometimes television coverage but in a crisis, these communication channels can be compromised. If electricity is unavailable, or internet service is disrupted, there is no way to send emails, and furthermore, no guarantee the message will make it to the intended recipients. Disaster communication requires a plan to utilize all available outlets.

Part of this plan includes technical elements. A basic step is to invest in a generator, which will ensure electricity for at least a limited amount of time. A further step is to set up at least one employee's cell phone as an internet hotspot, which can be used to send an email and update social media. Battery powered satellite phones can continue to operate even if electricity is out and cell phone towers are blown down. Basic technologies such as amateur (ham) radios and regular FM/AM radios can be helpful as well.

Appropriate and available means of communication change as the disaster cycle moves from triage to recovery. In the immediate aftermath, text messaging and social media tend to be the most effective way of reaching out. Contacting the media may not be as effective. At this point, the media is likely to be focused on covering the disaster while ensuring the wellbeing of their staff and equipment; however, as the recovery period begins, the media should be extensively engaged.



### Seven Keys to Success in Crisis Communication

When a crisis arrives at your doorstep, it may be tempting to run in the opposite direction when the media is seeking your comment on the situation. Peggy Bendel in “It’s A Crisis! Now What?” provides advice in crisis communication to business leaders:

Key 1: Don’t panic!

Key 2: Gather your team, launch your plan.

Key 3: Know which crisis is yours.

Key 4: Be proactive.

Key 5: Make the power of the Internet and social media work for you.

Key 6: Continually monitor media coverage.

Key #7: Be consistent and transparent.

Source: Bendel, P. (2012). Seven Keys to Success in Crisis Communications. *It’s a Crisis! NOW What?* Tucson, AZ: Sutherland House Publishing (pp. 49).

### Developing a Media Strategy

Communities need to understand how their economic assets are perceived to be damaged by the national public, and craft effective marketing campaigns to change perceptions. Vivid images of the floodwaters not receding, tornado damage or other impacts often plague the minds of Weather Channel and CNN viewers, keeping patrons away much longer than is necessary. This is critical with the rise of online news content, as these media images will exist indefinitely on the Internet.

To counteract these negative images, it is necessary to demonstrate to media outlets that important community milestones and successes have been achieved. Community leaders, CVBs, tourism boards, and chambers of commerce, etc. should not be shy in boasting about the local area’s successes in recovery.

More often than not, there is need to implement a strong “We are Open for Business” marketing campaign on behalf of the local community and its businesses. Through local, regional or national news channels, the public is informed that local businesses are still in operation and the community is in the process of recovery. Business successes in re-opening should be communicated in a personalized story format and be provided within the context of community recovery.

Mayors and city leaders have often made the mistake of using the national press to point out recovery problems within the community to demonstrate a case for needing additional financial resources. This is not the proper outlet for gaining sympathy from state and federal partners. Instead, it infuriates the business community that needs the support of the city’s leadership in sending a more positive message that the community will recover and casting a vision for that process.



Furthermore, once shared, internet search results of a community may return pictures of wreckage and news reports focused on the worst impacts.

As part of your media strategy, consider that media outlets will often update the progress of recovery within the community on the one-year anniversary of the event as well as the five-year anniversary. Be prepared to develop a media strategy for the anniversary in connection with a memorial event. Make sure to develop a more personalized recovery story that is positive and powerful and helps to improve the community's reputation.

Consider hiring a PR firm when appropriate and given the resources of your organization and the community. If your organization doesn't regularly work with a PR firm, consider having one 'on call' in the event of a crisis. Where it is possible, leverage the resources of your community partners and don't seek to communicate critical messages on your own. The repetition of key messages by various public and private sector partners will go a long way in helping the media pick up on more positive community messages.

### Developing Press Releases

Communicating with the media traditionally requires sending key information through a press release, media alert, or other proactive communication. As a common tool, developing press releases before a crisis can help the organization to structure appropriate key messages to convey under various scenarios. It is best to consider drafting a sample press release in a calmer environment than when your organization is drinking from a fire hose following a disaster.

The press release should include contact information for the leader of the EDO, as well as contact information for agencies that are dealing directly with emergency response. Information from verified government sources should be included, but only if it is current and available. The press release should explain the role that the EDO will take in recovery, and point businesses to established locations of business response centers and online tools.

The following tips will help to ensure a press release is distributed efficiently by your organization following a major crisis:

- **Proof, proof, proof.** Writing a press release before a disaster allows ample time to proofread for spelling and grammar mistakes. Credibility will be harmed by poorly written press releases.
- **Use a wire service for distribution.** Services to distribute press releases to larger audiences can be costly but can provide direct access to media outlets not otherwise available.
- **Share everywhere.** In addition to sending your press release to an organization's own list and a paid distribution list, it should also be shared on websites, social media, and even printed and distributed to community partners.

### Working with the Media

If your organization is an appropriate source to comment on a crisis, then make sure to provide a written fact sheet or press release with contact information that is being monitored on a 24/7 basis (a news reporter's deadline is often after hours). Your organization should establish a primary spokesperson who is known to the





media and is trained to handle media inquiries. For every spokesperson, on-camera videotaped media coaching is essential.

External messages need to dispel common myths and promote opportunity. Especially in the wake of a disaster, it's important to inform key audience members outside of the impacted region that certain industries are still functioning, or that the region has largely recovered.

Determine the target audience for the message(s) and seek funding to plan and execute the strategy. Marketing efforts to impact a community's brand image can cost thousands of dollars to more than \$1 million to effectively reach a national audience. Therefore, it is critical to understand the target audience and how to effectively reach them with limited marketing resources.

### Case Study: Grand Forks Media Communications

The city of Grand Forks, ND was severely flooded in 1997 after the Red River submerged over 75% of the city. In order to manage external communications, the city established a public information office in June 1997. This type of communication is crucial for residents who are unsure whether or not they are planning to stay and rebuild in the community. The office had seven employees at its peak, who were responsible for managing calls and questions on the recovery effort. They provided regular reports of recovery initiatives, organized press conferences and published newsletters to keep residents aware and updated on the progress of recovery. The efforts taken by the public information office were important to communicate to the public that tangible progress was being made towards the city's redevelopment.

*More information can be found in [Case Study Appendix 6](#).*

The target audience can vary based on objectives. A sample of possible target audiences could include:

- Visitors
- Representatives of the tourism and convention industry
- Decision makers at domestic firms and/or international companies
- Investors and developers
- Displaced citizens and workers
- And more!

The specific messages developed should be delivered to specific audiences through appropriate modes of communication. The following tactics can help you in crafting messages for the press:

- Discuss and promote noteworthy achievements during redevelopment and rebuilding. Every ground breaking event and ribbon cutting ceremony should have its own press release with a personalized story.



- Effective use of the “sympathy card” in that your community has been impacted by a large-scale disaster will help to get stories of recovery out through national media outlets will be important.
- Publicize information about incentives available for business investment. Mississippi, for example, effectively used Gulf Opportunity (GO) Zone credits to attract businesses after Hurricane Katrina.
- Aggressively promote any new business activity, such as business expansion, in the national media. Construct and distribute a recovery story that is interesting and affirmative.

### Do Not Use “No Comment”

Even in the case of ambiguity, it is important for your organization to not use the phrase “no comment” as it conveys a message of guilt or fault. It is far better to state that specific details are unknown at this time than to remain silent on a subject with the media. As Peggy Bendel recommends, it is better to be prepared with a statement such as “The situation is under investigation at the moment, so it would be premature to give you a statement. I’ll be glad to do so, as soon as we know the facts.” And then be sure to follow up!



# Chapter VIII: Federal System

This chapter is intended to help guide local and state economic recovery stakeholders — including economic development organizations, local and state government agencies, chambers of commerce, economic development districts and other recovery officials — through a wide range of supportive options. The federal government offers this assistance to maximize the speed and efficiency of economic recovery efforts after a disaster.

The chapter covers three main areas of interest for those seeking a better understanding of how to navigate through the federal disaster assistance programs:

- National Disaster Recovery Framework (NDRF)
- Types of federal assistance
- Post-disaster federal grant making process

This chapter concludes with a breakdown of federal disaster assistance programs which economic developers should consider including in their disaster planning and recovery strategies.

## Federal Economic Development Programs

This toolkit provides a comprehensive list of federal programs, which details each of the economic development programs offered by federal departments and agencies. Please see the Appendix of this toolkit for a detailed list of these programs.

## Things to Consider

Recovery and rebuilding efforts following a disaster can be extremely costly, particularly when the local economy has been crippled by the damaging impacts of the disaster. Communities may need assistance beyond that which insurance companies, foundations and other non-profit organizations, and the local and state authorities are able to provide. Disaster declarations can trigger additional federal funding or federal funding flexibilities to provide assistance in the recovery effort.

As a matter of due diligence in protecting taxpayer investments in recovery efforts following a disaster, federal assistance comes with responsibility. An essential element of maximizing the working partnership between your community and the federal government is understanding and anticipating the requirements of federal support from the outset of your collaboration.

Following are examples of items to consider as you read through this chapter and plan for how your community will respond to disaster.



- **There are many types of available federal resources.** – Before a disaster strikes, take the time to look into the various federal disaster recovery programs so that you are much better prepared to navigate through the various options when you actually need them. Eligibility requirements vary widely across federal programs.
- **Life saving and life-sustaining needs come first, but livelihoods should not be ignored as a critical component in recovery.** While most people would agree that safety and welfare are top priorities in planning, response and recovery, EDOs should be vocal proponents of the “economic recovery voice” for the businesses and industries. The first step for EDOs is to take a lead analytical role in surveying and then following up with support to the needs of affected businesses. In planning for support, how long assistance to businesses might be needed should be considered in addition to what type and how much assistance is needed.
- **Federal funding comes with responsibility. Typically, federal funds are appropriated for specific purposes and have corresponding requirements for their expenditure.** The application process and other requirements can be time-consuming and confusing, though both of these factors are significantly aided by proactively working to understand them before disaster strikes.
- **Different federal agencies have different requirements.** It is easy to think of the federal government as a single-source, single point-of-contact for assistance. However, the federal government is actually a complex organization made up of many different departments and agencies within those departments. For example, the Economic Development Administration is housed within the U.S. Department of Commerce, but has authorizing legislation and program requirements that are unique and exclusive from the rest of the Department. When examining federal disaster programs, keep in mind that the requirements for aid from one agency to another may vary.
- **Coordination between agencies can be challenging, but is worth the effort.** Some economic development organizations are experienced in working with multiple government agencies in their daily work and some are not. Depending upon your level of experience, coordinating between federal agencies can present challenges, especially during times following a crisis. Better coordination between federal agencies has been a top priority in recent years, as evidenced by the creation of the National Disaster Recovery Framework (NDRF). Take the time now to learn about this and you will find it easier to navigate when you most need it.

## The Federal Response to Disasters

Major disaster declarations cover states or tribes and include designating counties for which post-disaster assistance is authorized. The disaster declaration is extremely useful to states and localities as it creates an opportunity for communities to access additional federal assistance programs, flexibilities, and funding to accelerate response and recovery initiatives. However, there are times that a disaster declaration does not occur and local and state governments must maximize their own resources to support recovery efforts.

Much the federal authority related to disaster response and recovery stems from the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 100-707), signed into law on November 23, 1988. This law outlines the requirements and authorities related to the Individual Assistance, Public Assistance, and Hazard Mitigation programs. Often state and local emergency management offices are the primary liaison between the local government and FEMA (who administers these programs). It is critical that economic development



organizations build a strong relationship with the local and state emergency management offices to support the integration of local economic recovery needs with response activities.

In addition to the “typical” disaster response and recovery programs led by FEMA, the National Disaster Recovery Framework (NDRF) is another tool employed with the state to support the recovery process. The NDRF represents the U.S. government’s concerted efforts to communicate the federal framework for disaster response and disaster recovery, including making existing federal post-disaster functions work more effectively together. The NDRF covers long-term recovery efforts, including the vast majority of economic recovery functions. The following section highlights the purpose and resources of the NDRF.

### National Disaster Recovery Framework (NDRF)

The NDRF provides guidance on how federal government agencies coordinate disaster recovery assistance with one another and with state, tribal, and local governments. The purpose of the framework is to establish a common set of expectations, language, and roles to integrate and coordinate recovery activities. The NDRF recognizes that local, state, and tribal governments bear the chief responsibility for community recovery efforts, but that federal resources are necessary to supplement local resources.

The NDRF does not create new federal authorities or funding streams, but instead is meant to make existing disaster recovery functions more effective. It outlines roles and responsibilities and defines how federal agencies will work together in a team-oriented fashion to help meet the needs of state, tribal, territorial and local communities in the recovery phase after a major disaster declaration.

The framework “establishes a clear structure for (federal) interagency and nongovernmental partners to align resources and work together to support recovery in a holistic, coordinated manner.”<sup>39</sup> It also seeks to educate localities and states about leadership roles and responsibilities in recovery before a disaster occurs.

The NDRF incorporates the values of the “whole community” with an emphasis on six core principles that are reflected in six recovery support functions (RSFs) (Coordinating agencies are in parentheses).

- **Community Planning and Capacity Building**  
(Federal Emergency Management Agency (FEMA))
- **Economic**  
(Department of Commerce - Economic Development Administration (EDA))
- **Health and Social Services**  
(Department of Health and Human Services (HHS))
- **Housing**  
(Department of Housing and Urban Development (HUD))
- **Infrastructure Systems**  
(United States Army Corps of Engineers (USACE))

<sup>39</sup> Federal Emergency Management Agency (n.d.). *National Disaster Recovery Framework - Frequently Asked Questions*. Retrieved on April 25, 2014, from <http://www.fema.gov/national-disaster-recovery-framework-frequently-asked-questions>



- **Natural and Cultural Resources**  
(Department of the Interior (DOI))

These efforts are supported by more than 15 federal departments, agencies and organizations. States and communities are encouraged to create their own recovery coordination structure that is complementary with their existing organizations and recovery priorities. Often with catastrophic or large-scale disasters the governor's office will determine which state agency will manage different aspects of the recovery. For more information on the National Disaster Recovery Framework (NDRF), visit the official website at <http://www.fema.gov/recoveryframework>.

### **Economic Recovery Support Function (Economic RSF)**

Because most economic recovery efforts take place after the initial phase of disaster response, the Economic Recovery Support Function (Economic RSF) of the NDRF is particularly important to economic developers working to stabilize their communities' economies in the wake of a disaster.

The Department of Commerce, through the EDA, leads the Economic RSF. EDA's role is to work on activities that facilitate interagency-intergovernmental coordination over the short and long haul of community recovery. To achieve this, the Economic RSF brings together the expertise and resources of the federal government to assist local, state and tribal governments and their private sector partners to build back more sustainable, resilient communities.

Economic recovery initiatives are typically focused on:

- Encouraging business and industry to resume operations through improving the flow of restoration information
- Enabling communities to retain businesses and their local workforce
- Encouraging greater access to needed financing for working capital and rebuilding purposes
- Connecting businesses with existing assistance services
- Supporting the creation of new business development and a diversified local economic base for building resiliency

Federal agency and department partners for the Economic RSF may include:

- Department of Homeland Security/Federal Emergency Management Agency (DHS/FEMA)
- Small Business Administration (SBA)
- Department of Agriculture (USDA)
- Department of Housing and Urban Development (HUD)
- Department of Labor (DOL)
- Department of the Treasury (TREAS)
- Corporation for National and Community Service (CNCS)
- Department of Interior (DOI)
- Environmental Protection Agency (EPA)
- Department of Health and Human Services (HHS)
- Federal Deposit Insurance Corporation (FDIC)





- Appalachian Regional Commission
- Delta Regional Authority

The process by which the Economic RSF is able to assist local communities and states in post-disaster economic recovery includes the following essential efforts:

- Conducting a Mission Scoping Assessment – In partnership with the state, there must be an effort to capture the overarching issues as they relate to economic recovery.
- Developing a Recovery Support Strategy – In partnership with the state, the Economic RSF must document the federal capabilities available to be leveraged to support economic recovery.
- Implement the Recovery Support Strategy – The federal team effort will undertake those initiatives identified in the Recovery Support Strategy and work with the state to facilitate the transition to steady-state operations.

Activities of the Economic RSF typically include:

- Technical Assistance and Training
- Information sharing
- Leveraging existing resources within federal programs

See the text box in this chapter for specifics on the activities of the Economic RSF. Please also visit the disaster recovery section of the Economic Development Administration's website at <http://eda.gov/about/disaster-recovery.htm>.

EDA relies heavily on the local, regional, and state EDOs to inform their assistance efforts. As a result there are often regular "data calls" or community-level meetings to gather economic recovery impact information. The EDO's role in supporting and opening up the lines of communication can be a very effective way of making known what economic issues are occurring locally.



### Economic Recovery Support Function

The Economic RSF and state leadership work in partnership with communities to achieve a variety of outcomes as a result of its efforts, which may include:

- Establishing workforce development initiatives that retain and create jobs.
- Establishing entrepreneurial and business development initiatives.
- Assisting in the development of community-wide economic development plans with broad input and that consider local and regional economic recovery and resilience.
- Strategies for quickly adapting to changed market conditions, including re-opening existing businesses or establishing new businesses.
- Pursuing business initiatives to employ workers and generate revenue.
- Developing management plans to ensure the most effective use of federal funds.
- Ensuring that private and public sector actors have the information needed to make sound decisions about recovery.

### Other Federally Declared Disasters

In addition to the President, other officials at the federal level can declare a disaster. As an example the Secretaries of Commerce, Health and Human Services, and Agriculture are empowered to declare disasters that open the possibility for different types of federal assistance. Additionally, the Small Business Administration Administrator can declare a disaster for purposes of economic injury disaster loans, while the Administrator of the Environmental Protection Agency can declare incidents related to water quality emergencies.

The Secretary of Commerce oversees the National Oceanic and Atmospheric Administration (NOAA), which has jurisdiction over the nation's fisheries. In instances where a fishery has failed – similar to a crop failure brought on by natural or man-made disaster – the Secretary of Commerce may declare a fishery disaster and request additional resources from Congress.

Similarly, the Secretary of Agriculture can declare an agricultural disaster as a result of crop failure, loss of livestock, or damage to farming structures or equipment. The declaration authorizes a number of federal responses through the Farm Service Agency and can open the door to additional resources to be authorized by Congress. Often other agencies will link the eligibility for their disaster program funds to the disaster declarations made by other federal agencies. As an example, during the 2012-2013 drought the SBA Administrator mirrored the USDA drought disaster declarations nation-wide. This opened up economic injury and disaster loans to non-agriculture firms impacted by the extensive drought that covered 2/3 of counties across the country.



## Outreach and Advocacy

The best time to begin outreach and advocacy efforts related to disaster recovery is before disaster strikes. It is a critical component to any disaster preparation. Connecting with EDOs in other jurisdictions, Governor's offices, members of U.S. Congress and other branches and agencies of the Federal government may seem complicated, but in reality it can be as simple as picking up the phone or sending an email.

Economic development professionals should strive to proactively develop relationships with regional, state and federal partners. While communications throughout the year need not be frequent, urgent requests made to state and federal officials by unknown constituents following a disaster may be difficult. It is therefore important to proactively establish relationships during normal times so that when those relationships are most needed, they are already built.

Your state and federal representatives should be aware of your EDO's important work in the community and how government plays a key role in that work. Local or regional offices of Congressional delegates and federal agencies, for example, communicate regularly with their Washington D.C. offices and are important links available to economic developers in order to deliver information and needs. Because they are locally-based, your communication – and direct interaction – should be more frequent than communications with offices in Washington D.C. Many EDOs also schedule annual visits to the nation's capital to reach out directly to federal officials.

By communicating with your representatives, there is both the opportunity to impact the perspective the representative has about the capabilities of your organization and after a disaster the degree of economic impact that might be expected.

### Outreach to Federal Agencies and Departments

Federal funding for economic recovery and rebuilding assistance flow through multiple agencies and departments. Links to website information can be found below:

- [Department of Homeland Security's Federal Emergency Management Agency \(FEMA\)](#)
- [U.S. Department of Housing and Urban Development \(HUD\)'s Community Development Block Grants \(CDBG\)](#)
- [Small Business Administration's Disaster Loans Program](#)
- [Small Business Development Centers \(SBDCs\)](#)
- [U.S. Department of Commerce's Economic Development Administration \(EDA\)](#) and [National Oceanic and Atmospheric Administration \(NOAA\)](#)
- [U.S. Department of Agriculture's Rural Development and Farm Service Agency \(FSA\)](#)
- [U.S. Department of Labor's Employment and Training Administration \(ETA\)](#) and [National Emergency Grant \(NEG\)](#)
- [U.S. Treasury's Community Development Financial Institution \(CDFI\) Program](#)
- [Internal Revenue Service's Disaster Assistance and Emergency Relief for Individuals and Businesses](#)
- [Department of Transportation's Federal Highway Administration \(FHA\)](#) and [Federal Transit Administration \(FTA\)](#)



- Environmental Protection Agency (EPA)

Some federal agencies AND programs have their own disaster assistance programs such as HUD's CDBG Disaster Recovery (CDBG-DR) program, while others like EDA use their existing programs such as the Economic Adjustment Program to distribute funds for recovery.

Please see the appendix for a complete list of federal agencies and departments and their programs for economic recovery and rebuilding following a disaster.

### **Connecting with a Federal Agency Representative**

Many federal agencies have resources relating to disaster response and recovery on their agency or departmental website. These resources and processes can be typically found by entering the word "disaster" into the search boxes on their homepages. It is always a good idea to verify information found on the agency website by directly contacting the agency by phone or email.

Economic developers should identify a specific point of contact within each agency or department – especially those who participate in the Economic RSF – with whom to maintain contact with before and after an emergency. Please see the Resources Appendix 12 for a sample template for maintaining a list of all federal agency contacts.

It is common to establish a federal employee as a point of contact even before a grant application is being discussed. Each federal agency and department has its own procedures for visiting federal employees overseeing grant programs - particularly if the agency has released a federal funding opportunity notice. For a list of federal agencies and departments that fund economic recovery and rebuilding, see the Appendix.

## **The Federal Disaster Grant Making Process**

The Stafford Act is the statutory authority for federal disaster response and recovery efforts. It outlines the use of the Disaster Relief Fund (DRF), which serves as the primary source of funds for the Federal Emergency Management Agency (FEMA) to perform disaster relief activities. It provides funds to provide mass care, to rebuild a community's damaged infrastructure, clear debris, aid individuals and families with uninsured needs, and mitigate the impacts of future disasters. The DRF has been funded at a level that is sufficient for "normal" disasters, but recent activity has been anything but normal.

### **Federal Appropriations**

Congress makes funds available during the annual budget process to the various federal departments and agencies to assist in carrying out projects to benefit the public. After a presidential declaration, these funds can be prioritized for disaster recovery – particularly if Congress has not passed a disaster supplemental.



The majority of federal funding is divided between discretionary spending (which includes disaster funding) and non-discretionary spending (programs like Social Security and Medicare). Discretionary programs are subject to the annual budget and appropriations process, which publically begins with the release of the budget proposal from the White House in early February. Both chambers of Congress then debate the proposal and, if they are adhering to a strict interpretation of the process, pass budget resolutions setting the top-line spending cap for discretionary spending in the coming fiscal year.

### **Disaster Supplemental**

Supplemental appropriations are additional funding to supplement exhausted or nearly exhausted federal funding for disaster recovery. These supplemental funding appropriations go beyond the regular agency budgets authorized in annual appropriation bills and may be subject to additional federal requirements.

Congress is likely to appropriate funds to the Disaster Relief Fund (DRF), which is distributed by FEMA. When a large disaster occurs, funding for the DRF may be augmented through the disaster supplemental appropriations. Congress can also appropriate funds to other accounts administered by other federal agencies. This supplemental funding is often meant to cover medium and long-term recovery and is distributed through existing federal programs such as EDA, CDBG-DR, DOT, or USDA.

### **Track Appropriations Going Through Congress**

To anticipate what funding will be available when there are major disaster declarations, it is helpful to monitor when federal funds will be obligated and distributed. Sometimes, special resources are provided to communities impacted by a major disaster. Typically, these funds are disbursed to a state agency for distribution among affected communities. Local stakeholders should track and advocate for the efficient and equitable disbursement of such funds at the local level.

### **Applying for Federal Grants**

Grants generally have strict accountability procedures to ensure that the funds are well managed and spent according to federal guidelines. Organizations that are awarded federal grants must be prepared to meet performance standards and certain requirements through the entire period of the grant.

Communities make requests for federal grants by submitting grant applications to specific federal programs – either through the website Grants.gov or by submitting requests directly to a federal agency or department. The key objectives set forth in the application must be approved and carried out as specified in the proposed scope of work.

### **Application Process**

Understanding the missions, goals and restrictions under which federal agencies and departments operate can provide local communities with significant insight into how to write successful grant applications. Available funds are announced in the Federal Register as they become available. The official point of access for all information on federal grants is Grants.gov. This website filters grant opportunities through several categories,



streamlining the grant search. Grants.gov provides Federal Funding Opportunities (FFO) and Notices of Funding Availability (NOFA), which serve as good starting points for identifying important investment priorities and objectives of federal funding programs. These notices will also be located on the websites of federal agencies and departments.

Another resource in the grant search is the Catalog of Federal Domestic Assistance (CFDA), which provides a listing of all federal programs administered by 57 federal agencies that are available to state and local governments, territories, tribal governments, and nonprofit organizations. The website can be found online at <http://www.cfda.gov>. Entries in the CFDA explain who is eligible to apply, how the grant money can be used, how to apply, how applications will be reviewed, and what is expected of grantees.

**Grant application forms must be thoroughly completed and submitted on time to be evaluated. Some federal agencies will provide further guidance in how to fill out the form. It is important to keep in mind that the project detailed in your grant application must be completed on time and with demonstrable success.**

While federal agencies and their programs may have unique processes, the following actions should be considered when applying for federal funds:

- Research whether additional federal funds have become available through either regular appropriation or supplemental appropriation.
- Review the Federal Register Federal Funding Opportunity (FFO) for funds that have been announced.
- When applying for funds and submitting applications through Grants.gov, make sure to fully download the application as well as all supporting documents and carefully review the criteria on priority funding. You must submit the completed application with all required forms. Save a copy for your file.
- For those looking for guidance in developing and writing a successful grant proposal guide, visit the [CFDA website](http://www.cfda.gov).

Grant applications are reviewed and awarded based on the policies and procedures of each funding organization. The grantee should effectively manage their awarded funds in an ethical and legal manner. They should monitor progress on the grant that outlines critical outputs, success, and achievement.

## Do Your Homework

The single most effective step to successfully utilizing federal grants is to begin planning prior to disaster. By educating yourself about what options are currently in place across the various federal agencies, you will be better able to apply for resources following a disaster.

## Package Federal Funds from Different Sources to Meet Local Economic Recovery Needs

Typically, in a disaster, communities need to combine funding from a variety of sources (different federal agencies, public and private resources, etc.) to meet their recovery needs. As an example, JEDCO in Jefferson Parish, Louisiana, obtained funds from both EDA and HUD's CDBG Disaster Recovery program for a revolving loan fund (RLF). This RLF provided critical assistance to hundreds of small businesses after Hurricane Katrina by distributing \$50 million in loans and grants.





Economic recovery professionals need a clear understanding of the requirements and waivers of various federal programs. They may need to mitigate conflicts between these requirements when putting together the resources to fund recovery activities. They particularly need to understand how to address Duplication of Benefits (DOB) issues, which refers to the use of federal funds from different programs for the same purpose. DOB is prohibited by law.

### Leveraging Federal Dollars

Many federal grants are set up with a cost-share mechanism that requires a local match in terms of investment into your project. In other words, the federal government may provide only a partial amount — usually from 50 to 80 percent of total funding so that the grant recipient is encouraged to find support from other community partners or contribute their own funds. Some federal agencies allow for the portion that is not funded to be met with other contributions, including cash and in-kind value from the private and public sectors.



## Commonly Requested Waivers

### U.S. Dept. of Housing and Urban Development

- CDBG Action Plan Requirement
- Annual Performance Review Reporting Requirement
- Citizen Participation Requirement
- Expanded Distribution and Direct Action
  - Consistency with Consolidated Plan Requirement
- Overall Benefit to Low-to-Moderate (LMI) Persons
- General Administration Limitation/Cap
- Use of Sub-Recipients
- Program Income Requirements
- Eligibility — Housing Related
- Buildings for General Conduct of Government
- Job Relocation/Anti-Pirating Requirements
- Standard Certifications Requirements
- Application Requirements for Allocations Under Supplemental Appropriations Act

### U.S. Economic Development Administration

- Matching Share Requirements and Investment Rates
- Comprehensive Economic Development Strategy (CEDS) Requirement
- EDA Procedures in Disaster Areas
- Waiver of non-statutory administrative or procedural conditions

### U.S. Small Business Administration

- Timeline Requirement for SBA Loan Increase
- Maximum Amount Requirement for Physical Disaster and Economic Injury Business Loans
- Federal Debt Collection Requirement

### U.S. Employment and Training Administration

- 6-month Limit on Employment for Disaster NEG Participants

### U.S. Department of Agriculture Rural Development

- Rural Area Definition Requirement
- Limitation on Grant Amounts
- Matching Funds Requirement for Community Facilities Program
- Requirements for Renewable Energy Systems/Energy Efficiency Improvements
- Requirements for Value-Added Producer Grants

*For more information on waivers, see the IEDC publication [Federal Disaster Recovery Funding: Minimizing Roadblocks to Maximize Resources](#).*



## Requesting Waivers of Federal Requirements

According to HUD's definition, waivers act as "relief from strict regulatory compliance upon a funding of good cause, subject to statutory limitations and waiver procedures pursuant to certain federal regulations codified in the Code of Federal Regulations. These federal requirements are dependent on the federal program as well as dictated by the mandates of the federal agency or department.

Community and economic recovery leaders should understand accepted uses of funds as prescribed by federal programs and when necessary, may request appropriate waivers of federal requirements if the requirement is too difficult for the community to meet or is viewed as an extreme burden on the local community in a post-disaster setting.

The ability to obtain a waiver depends partly on the type of waiver requested and how well a disaster-impacted community can justify the need to alter a requirement in order to meet unique local recovery needs. Some federal agencies have clear guidelines for issuing waivers to requirements related to their disaster assistance programs.

## Laws vs. Regulations

To better understand what federal requirements may or may not be waived, it is important to note the distinction between laws and regulations. After Congress passes a law, the corresponding federal agency interprets the law and writes regulations based upon their interpretation. It is the regulations that determine how an agency executes the law. In some instances, the law itself may be somewhat restrictive in that it provides specific details or requirements on how the law is to be executed; in effect, limiting the agency's ability to interpret the intent and write regulations. In other instances, the law will be less restrictive, allowing the agency leeway in determining how to carry out the requirements of the law.

If the requirement is based something specific contained in the law, it is much harder to obtain a waiver. If the requirement, however, is based on the agency's interpretation of the law, it may be possible – dependent on a number of circumstantial factors – to obtain a waiver.

Communities such as New York City (after 9/11) and Grand Forks, N.D. (after major flooding in 1997) requested and successfully obtained waivers of certain requirements, which expedited the delivery of assistance and enabled more flexible use of federal funds for recovery and rebuilding.

## Additional Resources on Waiving Federal Requirements

For more information on the subject of waiving federal requirements, visit [RestoreYourEconomy.org](http://RestoreYourEconomy.org) to download the research report [Federal Disaster Recovery Funding: Minimizing Roadblocks to Maximize Resources](#). This report provides information on each of the different funding sources and their individual guidelines, as well as shows the more commonly requested waivers and the requirements that cannot be waived for each program.



## Monitoring and Compliance

As a local community uses the grant award, it is critical to monitor grant activities for compliance with all relevant federal regulations and to ensure that funds are properly used according to the scope outlined in the grant proposal. Accountability is essential. Proper monitoring and compliance saves local communities from having to pay back funds or to deal with a stringent auditing process. Monitoring and compliance activities help the regulating agency know that funds are not being mismanaged. Communities should look at not only federal regulations, but also local and state regulations in the process of compliance. Compliance with state laws is required by the federal government.

It is beneficial to create your own set of instructions on how compliance and monitoring will be handled in your community prior to the distribution of funds. Once funds are distributed, it becomes much more difficult to regulate. HUD has a compliance manual for its CDBG-DR program, found here:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/cpd/6509.2](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/cpd/6509.2)

The state of Connecticut created a Compliance and Monitoring Manual for CDBG-DR funds, which is an example of good practice for future disaster impacted communities: [http://www.ct.gov/ecd/lib/ecd/housing\\_files/cdbg-dr\\_action\\_plan\\_and\\_appendices.pdf](http://www.ct.gov/ecd/lib/ecd/housing_files/cdbg-dr_action_plan_and_appendices.pdf)

The U.S. Office of Management and Budget offers a Compliance Supplement:

[http://www.whitehouse.gov/omb/circulars\\_a133\\_compliance\\_09toc/](http://www.whitehouse.gov/omb/circulars_a133_compliance_09toc/)

## Additional Resources on Federal Grant Compliance

The federal government, led by the Office of Management and Budget and the U.S. Chief Financial Officers Council (USCFOC) has recently worked with the public and private sector to streamline the process for applying for and complying with federal grants. On December 26, 2013, OMB issued final guidance through a notice in the Federal Register titled: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (<https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>). It is helpful to download and review these documents in advance of receiving a federal award.

In your efforts to better understand the process by which federal grants are obtained, administered, and monitored for compliance, it is also important to know that the rules change periodically. It is important to reach out to your contacts within your partner federal agencies and inquire about their agency's plan for implementing the Super Circular. Proactive outreach is the best measure to maintain relevant and current knowledge on grant compliance.



# Chapter IX: Strategic Planning for Disaster Recovery

## Introduction

Disaster recovery planning and preparedness is no longer strictly for communities that regularly experience disasters such as earthquakes or hurricanes. Communities across North America (and the globe) are experiencing unprecedented weather-related and manmade incidents that have significant and far-reaching impacts. Regardless of the cause, communities must plan for the inevitability that their community will be impacted by some incident that threatens their growth potential, quality of life, and even survival. This planning should allow for an all-hazards approach to allow for a wide range of consequences (everything from a natural disaster to hazardous material release to the closure of a major employer). This may also include preparing for impacts from a pandemic flu or a major cyber security attack. Each incident requires different strategies for recovery. The types of disasters and their effects can be reviewed in Chapter II, Disaster Overview.

Planning for post-disaster recovery can be a complicated, challenging, and controversial process. Yet, a community engaging in difficult conversations regarding redevelopment choices before a major disaster can help the community do their due diligence and consider major decisions wisely. These conversations greatly contribute to increasing the speed and success of economic recovery efforts within a community and helping local businesses rebound after a catastrophe. Not only will pre-disaster planning increase the speed of recovery, it can reduce the risk of another agency confusing the situation with roles pre-determined. Pre-disaster planning, as one can imagine, is easier to do than post-disaster planning where the disaster recovery triage takes over and post-disaster planning becomes difficult.



Community Relations Planning Meeting

Source: FEMA

Communities are often unprepared for the chaos that is likely to emerge after a disaster strikes, and have difficulty planning for long-term economic recovery when there are pressing humanitarian, cleanup and rebuilding needs to address. Still, a disaster-impacted community needs to develop a vision for how it will rebuild its devastated local economy. Communities also have an opportunity to “build back better” and use the tragedy of what the disaster brought to motivate the community to undertake needed changes. A post-disaster strategic (or recovery) plan provides the opportunity to re-evaluate recovery objectives in light of vulnerabilities to disaster, and establish strategies and action steps to make progress



toward long-term recovery. This may include the locating of target industries in or near vulnerable areas and the consideration of other important land-use and other infrastructure issues. These initiatives are often the core of a community (or regions) effort to build more economic resilience.

It is becoming increasingly apparent that regional economic prosperity is linked to an area's ability to prevent, withstand, and quickly recover from major disruptions (i.e., 'shocks') to its economic base. Many definitions of economic resilience limit its focus on the ability to quickly recover from a disruption. However, in the context of economic development, economic resilience becomes inclusive of three primary attributes: the ability to recover quickly from a shock, the ability to withstand a shock, and the ability to avoid the shock altogether. Establishing economic resilience in a local or regional economy requires the ability to anticipate risk, evaluate how that risk can impact key economic assets, and build a responsive capacity.

Economic development organizations and chambers of commerce are uniquely positioned in the community to facilitate a strategic planning process for economic recovery - both before and after a disaster. Through their established connections with local businesses, they can coordinate involvement and leverage resources from the business community and are likely to take a leadership role in facilitating employment and business recovery. This chapter provides guidance to EDOs and business organizations in the strategic planning process for disaster preparedness and economic recovery to stabilize the community's economic base after a disaster.

Many existing planning efforts EDOs often already conduct could be readily adapted to incorporate these concepts and principles. Some examples include the completion of the Comprehensive Economic Development Strategy, local redevelopment plans, land use plans, hazard mitigation plans, and community comprehensive plans. As important these topics are to include in the planning process, it is almost more important that they be integrated with other planning efforts. Without that critical step, they risk overburdening local capacity, diffusing the impact and relevance for stakeholders, and could become contradictory with the other plans.

## Pre-Disaster Planning

### Pre-Disaster Recovery Plan

A pre-disaster economic preparedness and/or redevelopment plan prepares a community for disaster situations with a focus on the business community and the local economy. The plan defines roles and lays out action steps that economic recovery stakeholders can take in the face of a disaster. Having a plan in place before a disaster enables a community to respond more quickly and efficiently in order to help jumpstart the recovery process and limit the disaster's negative impacts.

It is important to stress that the economic preparedness plan should work in conjunction with a larger, comprehensive community-planning framework led by the local government for a disaster situation. The plan should coordinate with issues such as land use, infrastructure, and housing. In addition, it should also complement the community's emergency management plan. A number of Florida communities are spearheading disaster-related comprehensive planning efforts in their own respective communities by





developing post-disaster redevelopment plans (PDRPs) with strong economic recovery components. Many of these pilot planning efforts have been funded in part by FEMA grants. The following section will reference these communities' planning efforts.

### Consider Coordination with the NDRF

In 2011, the National Disaster Recovery Framework (NDRF) was adopted to serve as a national framework that would provide a common understanding of roles, responsibilities, and resources available for effective recovery before and after a major disaster. The Economic Recovery Support Function (Economic RSF) of the NDRF focuses on the recovery of industry and business as well as the economic health of the impacted community. The NDRF lists key planning principles and discusses matters that have a bearing on local planning efforts. The National Disaster Recovery Framework: Strengthening Disaster Recovery for the Nation<sup>40</sup> can also be a resource for



community leaders, planners and stakeholders. It is important to note that the NDRF is a model for how the federal government organizes its recovery coordination efforts. Mirroring the NDRF structure can provide an advantage to interfacing and engaging federal agencies in the recovery process. Alternatively, the NDRF encourages states and communities examine their needs and develop the kind of coordination structure best suited for their capacity and needs.

An explanation of the NDRF and its six recovery support functions are explained in further detail in the *Disaster Overview and the Navigating the Federal Government* chapters.

### Factoring in Economic Resilience

At the regional or community level, economic development practitioners are instrumental in building the capacity for economic resilience. Economic development professionals and organizations often become the focal point for post-incident coordination, information dissemination, responding to external inquiries, and the lead grant administrator for federally-funded recovery initiatives. In building economic resilience, it is critical that economic development organizations consider their role in the pre- and post-incident environment to include steady-state and responsive initiatives. Steady-state initiatives tend to be long-term efforts that seek to bolster the community or region's ability to withstand or avoid a shock. Responsive initiatives can include establishing capabilities for the economic development organization to be responsive to the region's recovery needs following an incident.

<sup>40</sup> Federal Emergency Management Agency (2011). *National Disaster Recovery Framework: Strengthening Disaster Recovery for the Nation* [Guide], Washington, D. C. Retrieved from: <http://www.fema.gov/pdf/recoveryframework/ndrf.pdf>



Some examples of *steady-state* economic resilience initiatives include:

- Engaging in comprehensive planning efforts that involve extensive involvement from the community to define and implement a collective vision for resilience that includes the integration and/or alignment of other planning efforts (e.g., hazard mitigation plans) and funding sources;
- Undertaking efforts to broaden the industrial base with diversification initiatives, such as targeting the development of emerging clusters or industries that (a) build on the region's unique assets and competitive strengths; and (b) provide stability during downturns that disproportionately impact any single cluster or industry;
- Adapting business retention and expansion programs (e.g., economic gardening or other enterprise supports) to assist firms with economic recovery post-disruption;
- Understanding resiliency best practices for key industries in the regional economy;
- Building a resilient workforce that can better shift between jobs or industries when their core employment is threatened through job-driven skills strategies and support organizations;
- Maintaining geographic information systems (GIS) that link with municipal business licenses, tax information, and other business establishment data bases to track local and regional "churn" and available development sites. GIS can also be integrated with hazard information to make rapid post-incident impact assessments.
- Promoting business continuity and preparedness (i.e., ensuring businesses understand their vulnerabilities (including supply chains) in the face of disruptions and are prepared to take actions to resume operations after an event); and
- Employing safe development practices in business districts and surrounding communities, such as locating structures outside of floodplains, preserving natural lands that act as buffers from storms, and protecting downtowns and other existing development from the impacts of extreme weather.

Some examples of *responsive* economic resilience initiatives include:

- Conducting pre-disaster recovery planning to outline key stakeholders, roles, responsibilities, and key actions;
- Establishing regular communication and monitoring of business community needs and issues (which can then be utilized after an incident);
- Establishing/utilizing a capability to contact key local, regional, state, and federal officials to communicate business sector needs and coordination impact assessment efforts; and
- Establishing/utilizing coordination mechanisms and leadership succession plans for short, intermediate, and long-term recovery needs.

## Action Steps

Planning for post-disaster situations - which involves making redevelopment choices - can be a challenging process. Yet, it is important to design a thoughtful process to engage community stakeholders in valuable discussions to better prepare the community. The steps listed below are suggested actions for the community to consider when starting a planning process for economic resiliency in the event of a disaster.

### Step 1: Identify a lead economic development organization to facilitate planning process.

Developing an economic preparedness plan is a lengthy process requiring input from a variety of stakeholders. This process should be led by an economic development organization, chamber of commerce or other business



organization that is a recognized authority on economic development matters by both the private and public sector. This organization will 1) galvanize wide-ranging support from all stakeholders, particularly the local business community, 2) help align the resources needed to get the planning process off the ground and 3) serves as an effective liaison and facilitator between all parties.

### **Step 2: Identify all economic recovery stakeholders and hold kickoff meeting.**

Identifying and building consensus among myriad stakeholders is one of the most important tasks in the planning process. Having engaged and committed stakeholders will likely result in a more comprehensive and actionable plan. When identifying and inviting various stakeholders, keep in mind:

- Representatives from the public, private, and nonprofit sectors as well as elected officials involved in local economic issues. This includes a wide variety of private sector representation from all your different industry sectors and business types in terms of size, function, etc.
- Regional and state representatives should also be invited and encouraged to participate as necessary
- Representation from industries that are economic drivers in the community will be important

Examples of the various types of organizations and individuals engaged as economic development stakeholders are provided in the textbox.

#### **Pinellas County, Florida**

##### **Post-Disaster Redevelopment Plan**

###### **Economic Development Stakeholders:**

- Business Leaders
- Economic Development Director/Chair
- Convention and Visitors Bureau Director
- Planning Department Director
- Building and Development Review Services Director
- St. Petersburg-Clearwater International Airport Director
- Office of Management and Budget Director
- Representative(s) of the private sector (i.e., chambers of commerce, banking industry, tourism industry, Greater Tampa Bay Assoc. of Contingency Planners, etc.)
- Municipal Economic Development Staff
- Florida Council of 100
- Tampa Bay Partnership
- Worknet Pinellas
- Florida Trucking Association

### **Step 2A: Create stakeholder groups.**

- Divide the stakeholders into subgroups that will focus on specific topics to be covered in the plan. Examples of economic recovery topics to be discussed are listed below.
- Hold a kickoff meeting where all stakeholders are made aware of the planning goals and objectives and process. It is important that they agree to work through the decision-making process.
- Evaluate what planning efforts have already been made by the stakeholders, and assess how resources can be leveraged or combined for maximum impact and efficiency.

### **Step 2B: Establish clear goals and timeline(s) for the planning process.**

- Ensure that adequate time is given to the planning process. Establish a regular meeting schedule for subgroups and the group as a whole.



- Establish clear timeframes for each step. This will ensure that the process continues to move forward, keep the stakeholder groups on target, and inform the community of the group(s)' progress. It will also ensure that the lengthy planning process remains finite.

### **Step 3: Strategically evaluate how a disaster could affect the local economy.**

#### **Step 3A: Identify the community's economic assets.**

An inventory of current assets and economic drivers as well will help the community better understand the local economic dynamics as well as the resources to harness in the event of a disaster. Current information for this effort may be available in existing strategic plans and economic analysis. It will not only serve as the basis for the development of the economic recovery plan, but it can also be helpful in evaluating the impact of the disaster. The assessment should include a strong understanding of:

- Demographics
- Key industries and/or clusters
- Key employers and their location
- Labor and workforce characteristics
- Buildings and infrastructure of economic importance
- SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis
- Current and future land-use and infrastructure development projects.
- Local policy framework (e.g., building codes, local and state incentives and regulations, environmental mitigation policy, etc.

#### **Step 3B: Perform an economic vulnerability analysis.**

An economic vulnerability analysis helps identify the risk factors for economic recovery as well as those businesses and geographic areas that are most vulnerable. The inventory developed in the previous step should be mapped against analysis from hazard mitigation and land-use plans to see what businesses, industries, or industry clusters are most vulnerable to disasters. This should also be used for decision-making on future land-uses and infrastructure development. Current local and regional employment in different industries/clusters, projected growth, earnings and wages, etc. should be studied as part of this analysis.

Many of the everyday challenges a community faces are exacerbated after a disaster. Therefore, analyzing current economic vulnerabilities in the community is an important component of the analysis. This analysis should include items like industry dynamics, workforce challenges, transportation and infrastructure issues, and other current concerns about economic growth in the community.

#### **Step 3C: Conduct scenario planning for community redevelopment.**

Not all disasters impact a community in the same way, so different types of responses and resources must be deployed to assist the recovery. Although a vulnerability analysis can help provide generalized information about a community's exposure to potential risk factors, scenario planning can help the community evaluate alternatives, such as redevelopment options, as well as impacts to various types of disasters.



Scenario planning, as the name suggests, allows communities to envision plausible futures based on an analysis of internal and external factors and their interactions. A community can then determine how different policies, programs, and resources can be put in place under different scenarios to effectively mitigate negative impacts while improving the chances of positive economic outcomes. This method has been adapted from military intelligence practices and is widely used for disaster planning by organizations both large and small.

Steps to scenario planning for disaster planning and preparedness include:

**Defining the context.** What kind of disaster(s) can the community face? Does it have programs, policies, and resources in place that will help the community with a speedy recovery in the face of a disaster? What are the gaps and challenges faced by the community should a major disaster occur in the near future? How prepared is the business community for a major disaster?

**Identifying the risk factors that can impact the community by leading the group through scenario exercises.** Will businesses permanently relocate to another community in the event of a major disaster? What is the local capacity to respond to local business needs? Are critical anchor businesses and other assets located in a vulnerable area? How will the image of the community be impacted by a major disaster?

**Asking stakeholders to identify what local community and economic assets are most vulnerable to these factors.** Engage stakeholders in a process to identify their community's economic vulnerabilities in light of different disaster scenarios. What happens to the local economy if an important economic anchor were to relocate out of the community?

**Developing a scenario framework of plausible futures** by combining the information and analysis from all the previous steps. Develop scenarios of what the community could do in terms of redevelopment or mitigation to protect these community and economic assets. What could be done to workforce programs, economic development programs, or permitting and licensing? This is part of a process for generating and evaluating the community's strategic options when it comes to redevelopment and economic recovery after a disaster. The graphic below summarizes the steps and questions that should be asked during scenario planning.



## Steps to Scenario Planning

### Step 1: Define the Context

- Where is the community on the path to sustainability?
- What is the principal concern?

### Step 2: Identify the External Forces

- What external forces (social, political, environmental, economic, and technological) are assumed to take place?
- What are the primary external uncertainties?

### Step 3: Evaluate Internal Dynamics

- How might local assets interact with external forces?
- What local assets are most sensitive to internal and external forces?

### Step 4: Identify Spectrum of Plausible Futures

- Where do external forces and internal dynamics meet?
- What storylines outline the array of possible futures?

Source: International Economic Development Council (2009, July). *The Climate Prosperity Handbook. Getting Started Guide: Climate Prosperity Strategies in Your Community.*



**Step 4: Develop action strategies and steps.**

Based on different scenarios and highlighted vulnerabilities in the community, an action plan with strategies, resources, responsible agencies, and suggested timelines should be developed. Amendments to existing disaster recovery and economic development plans may also be suggested for improved disaster preparedness. Both short- and long-term action strategies should be developed as part of the action plan.

Having an action plan that outlines key activities in the event of a disaster will increase efficiencies once a disaster strikes and help stakeholders make smart post-disaster recovery decisions. Palm Beach County, Florida's post-disaster redevelopment plan (PDRP) divides action strategies into short- and long-term, and pre- and post-disaster categories in order to provide all stakeholders with a clear understanding of their roles and responsibilities. Each action is accompanied by the following information: responsible group, issue/topic, disaster level, jurisdictions involved, approximate timeframe, and funding considerations.

It is also recommended that groups develop an implementation timeline that lists the steps that should be taken when and if a disaster occurs. This will ensure that the recovery process continues to move along once a disaster hits. Sarasota County, Florida's PDRP provides a timeline of various action steps during the different disaster stages (categorized into pre-disaster, emergency period, short-term recovery, and long-term recovery).

**Step 5: Develop a communications plan and compile contact information.**

Communication challenges are one of the primary issues that businesses and EDOs face during the economic recovery period. Physical disruptions to the telecommunications network and a high degree of uncertainty about future conditions are major causes of false rumors and misinformation.

A communications strategy will enable local and regional economic development organizations to remain in contact with their constituents, their peer organizations, and other groups that are critical to the community's economic recovery. When developing a communications plan, some key factors should be taken into consideration.

- A lead organization that will be responsible for ensuring the smooth flow of information to media outlets, businesses, and recovery agencies, should be identified.
- One of the most simple, and yet important, action steps is developing several contact lists that include local business owners, agencies playing a role in short-term recovery efforts, and key stakeholders throughout the region and state. The lead organization can use these lists to disseminate information immediately after the disaster as well as coordinate information gathering and economic analysis for short- and long-term recovery efforts.

**Step 6: Develop a list of possible funding sources.**

Potential funding sources for disaster recovery and redevelopment should be identified, including local, state, and federal sources. Although a variety of resources are available for humanitarian relief and housing, resources for business recovery can sometimes be scarce. It will be necessary for economic development organizations to creatively utilize available resources and leverage public and private funds.



### Step 7: Follow up with the plan.

Take the following steps to ensure that the economic preparedness plan is adopted by the community and that collaborations remain active.

#### Step 7A: Integrate the plan with other relevant plans.

Though the pre-disaster economic preparedness plan is part of the larger comprehensive disaster planning effort, it should also be linked with other community plans to reconcile inconsistencies. Additionally, it will enable the community to implement “a multifaceted planning program that is much more effective than the standalone plans.”<sup>41</sup> Local government leadership should adopt the plan to increase awareness and ensure implementation. For example, the Panama City PDRP evaluates multiple city and county plans that impact economic development activities in the community and provides recommendations on how each plan can integrate elements of the PDRP during future updates. The plan is available at: <http://www.pcgov.org/publications-3#TOC-Planning-Department>

#### Step 7B: Monitor, evaluate, and update the plan.

The economic preparedness plan should be revisited regularly, preferably on an annual basis. One of the greatest benefits of the planning process is the collaborations and relationships created among stakeholders. These connections should be fostered by convening stakeholders annually to evaluate and update the plan. The Palm Beach County, Florida PDRP calls for revisions and updates ahead of the annual hurricane season. In addition, major revisions and rewrites are conducted every five years.

## Post-Disaster Planning

Even if they have engaged in pre-disaster planning, communities invariably face chaos after a disaster. Planning for long-term recovery seems like a difficult task when there are pressing humanitarian, cleanup, and rebuilding needs to address in the immediate term.

Still, a disaster-impacted community needs to develop a vision for how it will rebuild its economy over the long haul. It takes time, leadership, and resources—all of which will be in short supply—to develop an economic recovery plan that has buy-in from community stakeholders.

A post-disaster strategic plan should be developed to guide the economic recovery process. The community has an opportunity to re-assess their economic objectives in light of disaster risks and other vulnerabilities. They can establish bold new strategies and action steps to make progress toward long-term recovery and emerge a more resilient community to future disruptions. Starting the process for long-range planning and economic recovery within three to six months following the disaster is recommended in order to take advantage of the urgency surrounding rebuilding efforts and the existing momentum within the community.

<sup>41</sup> Panama City Planning Department (n.d.) [Webpage]. *The Panama City Post Disaster Redevelopment Plan*. Retrieved from: <http://www.pcgov.org/publications-3#TOC-Planning-Department>



If a pre-disaster recovery plan already exists, it can provide a strong foundation upon which to build the post-disaster planning process. It may also provide guidance on organizations and resources that can be accessed for long-term recovery. Following a disaster, a community may be forced to discontinue planning efforts that were already underway in order to work on a new plan that addresses any dramatic changes to the local and regional economy.

### Case Study: Jefferson Parish Alters their Strategic Plan After Katrina

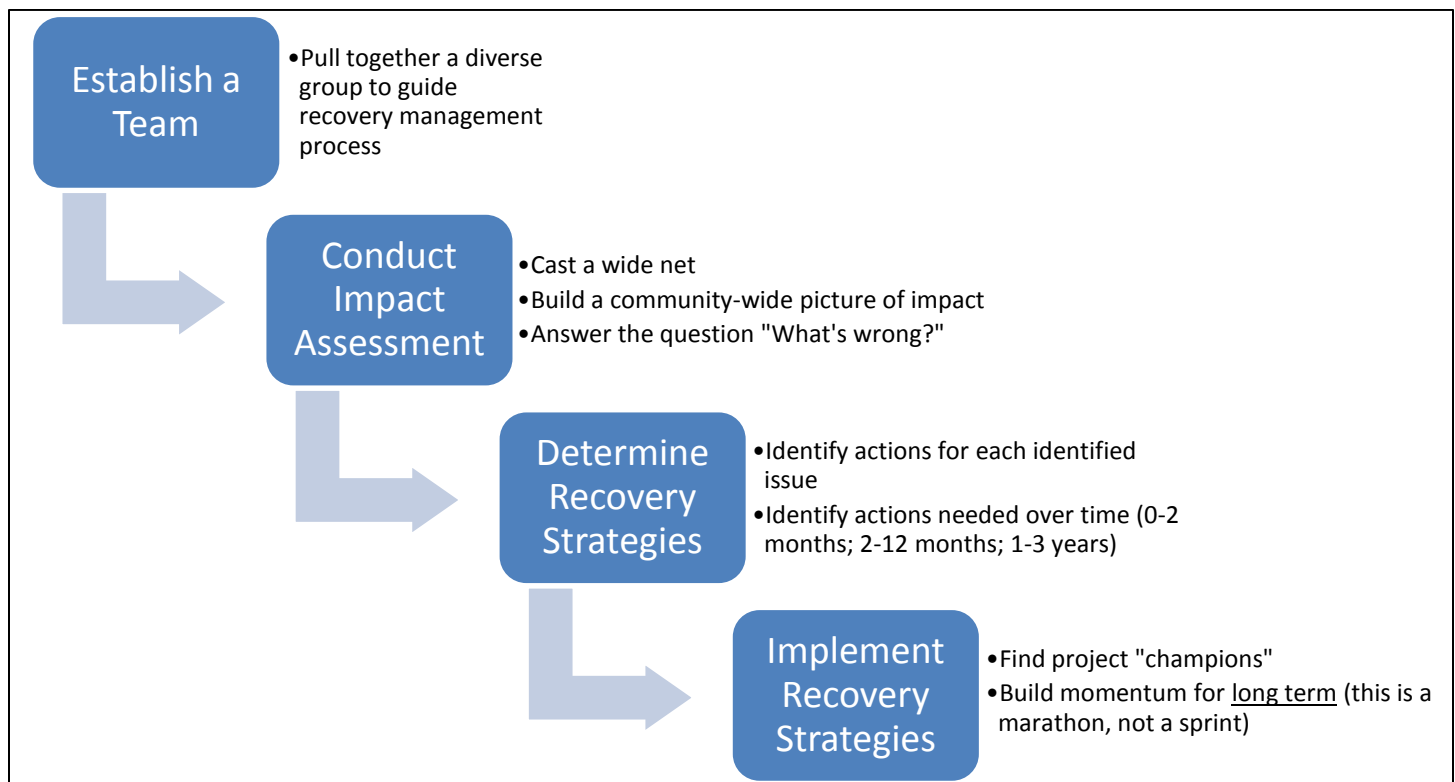
Jefferson Parish Economic Development Commission (JEDCO) had only recently completed an update to its five-year plan, Jefferson EDGE 2010, when Hurricane Katrina wreaked havoc along the Louisiana and Mississippi Gulf Coast. A community adjacent to New Orleans, Jefferson Parish received significant damage to its commercial and industrial space after Katrina and Rita. It was apparent that the effects of these hurricanes on the local and regional economies would be far reaching. Therefore, JEDCO decided to re-examine their economic development strategic plan only two months after the storm. They convened a meeting between their organization and the Jefferson Business Council and had a large amount of participation from the business community. They updated it with additional short- and long-term measures to support business recovery and long-range economic development, and the parish council quickly adopted the plan. The revised plan, The Jefferson EDGE 2010: Road to Recovery, was released by the end of 2005. The plan has since been replaced by a more recent strategic plan, but it is still available on the JEDCO website: [www.jedco.org](http://www.jedco.org).

Disasters can provide the catalyst needed to shake things up and force the community to reassess their economy in relation to the rest of the world. For example, Greensburg, Kansas, a small rural community that was decimated by a tornado in May 2007, decided to focus their rebuilding efforts on sustainable development. Their Long-Term Community Recovery Plan (LTCRP), released in August 2007, envisioned Greensburg as environmentally friendly and supported sustainable developments in the community.

Although planning in a post-disaster situation can be a daunting task, disaster-impacted communities must remember that they have the unique opportunity to rally recovery stakeholders and lead their economies in a new direction. The steps listed below are suggested actions for the community to consider when starting a process to develop a post-disaster economic recovery plan.

The process as a whole is summarized<sup>42</sup> in the figure below:

<sup>42</sup> While the process depicted suggests recovery planning is a sequential process, it cannot be understated that there is a need for flexibility and adaptability. In many cases issues identified during the impact assessment will highlight immediate unmet needs that require prompt action.



### Step 1: Conduct a post-disaster economic impact study.

The community should seek to perform an independent economic impact assessment immediately after a major disaster, even though FEMA will perform its own damage assessments. The study provides evidence for local decision-making and can support future requests for external assistance. This impact study should be conducted as quickly as possible following the disaster knowing that a detailed economic analysis will be completed at a later stage (as discussed in step 2D below).

An economic impact study assesses both physical damage (properties, inventory, etc.) and economic damage to industry and the local/regional economy. Communities that have performed this type of analysis indicate many challenges in acquiring both pre-disaster and post-disaster data. This is particularly true in the initially chaotic environment.

To the extent possible, the study should measure the following economic impacts (where data is available):

- Tax revenue loss (sales, property, employment),
- Job loss,
- Loss of wages,
- Business closures and interruption (loss of productivity),
- Economic recovery barriers and issues,
- Impacts to economic development investments,
- Damage to infrastructure,
- Damage to property (commercial, industrial, residential), and
- Damage to natural resources (that have an impact on local industries).



For more details on performing or using an economic impact study following a disaster, visit the economic impact assessment chapter.

### **Greensburg, Kansas, Long-Term Community Recovery Plan (LTCRP)**

Following the EF-5 tornado in May 2007, Greensburg was faced with the challenge of rebuilding its economy although its population of less than 1,400 was halved by the disaster. The tornado caused serious damage to 90 percent of the structures in the community. Though insurance companies paid substantial claims, most plans only covered the value of the buildings. Because of the aging building stock, substantial subsidies were necessary to rebuild.

The community undertook a detailed comprehensive planning process to develop the LTCRP. The plan recommended the creation of a Sustainable Development Resource Office, building all public facilities to LEED-Platinum level, and creating a Greensburg Green certification program. The plan emphasized that rebuilding Greensburg in a sustainable manner will not only reduce long term financial expenses but also create a tourism draw. By blending past tourist attractions with a sustainable living model, Greensburg hopes to attract an increasing number of tourists, lengthen stays, and create an economic driver.

The LTRP included an outline of action steps necessary for developing a comprehensive economic development plan. The recommendations include a SWOT analysis, an assessment of community assets, an evaluation of business sectors and leakage, strategies to benefit current small businesses, and an assessment of the need for a tourism director and an economic development director.

*For more information on Greensburg please see [Case Study Appendix 4](#)*

It will take creativity and partnering on behalf of the economic development organization to gather this impact data. As an example, Polk County's Office of Economic Development (OED) quickly reached out to the 13 chambers of commerce within their jurisdiction to participate on their economic recovery team after the county was struck by three hurricanes in 2004. The local chambers conducted business surveys and reported information back to OED to collect and aggregate. Without this partnership, OED would not be able to disseminate this valuable economic information back to local, state, and federal officials.

### **Step 2: Identify a lead economic development organization to initiate a post-disaster economic recovery planning process.**

One of the economic development organizations (EDOs) in the community should take the lead in initiating the economic recovery planning process with support and engagement from other businesses, local government, and community organizations. This process should begin within three to six months following a disaster. Some



communities have started this process even sooner to take advantage of the sense of urgency and unity after a disaster.

**Step 2A: Identify key economic stakeholders and hold a kickoff meeting.**

Champions of the recovery planning process should start by identifying all economic stakeholders, both local and regional, in the community. Engagement of a wide variety of private sector leaders representing various types of businesses is key. Refer to the pre-disaster section for a sample list of economic recovery stakeholders in a community.

The lead EDO should hold a kickoff meeting and invite key stakeholders and local government leaders. The EDO may want to co-host the meeting with another business organization. A professional facilitator should be considered to help develop an agenda and facilitate a productive meeting.

**Step 2B: Identify the roles and responsibilities of all economic recovery stakeholders.**

Identify roles and responsibilities among partner organizations for both short- and long-term recovery. Part of this process should include assessing the capacity and resources of each organization.

**Step 2C: Establish working groups to gather relevant data and information.**

Economic recovery working groups should be established to cover major topics like business retention, small business assistance, and downtown redevelopment. Each working group should have a chairperson and be responsible for compiling relevant data and identifying current issues for each topic. The groups will ultimately be responsible for recommending strategies and action steps to address those issues.

**Step 2D: Conduct an impact assessment.**

Economic impact information is often highly distributed among many different sources and takes many different forms. For example, the workforce development agency may have access to weekly unemployment data, the utility may have data on reductions in demand for impacted areas, the chamber of commerce may have a list of businesses they've surveyed with specific recovery issues, etc. The impact assessment can take a lot of leg work to engage the range of partners to begin painting a cohesive picture of how the community's been impacted. It is important to note that the impact assessment should NOT seek to derive a singular numeric cost of the incident. In conducting a post-disaster recovery strategy, these numbers tend to be generally useless and take a long time to derive.

Instead, an impact assessment should cast a wide net of economic recovery stakeholders to identify overarching trends, major issues and barriers, and unmet needs. This way future strategic planning and recovery assistance efforts can have an underlying basis for

Instead, an impact assessment should cast a wide net of economic recovery stakeholders to identify overarching trends, major issues and barriers, and unmet needs. This way future strategic planning and recovery assistance efforts can have an underlying basis for *why* they focused on certain areas or topics.





Also, it will offer a better understanding of competitive positioning and will ultimately lay the foundation of the community's long-term economic development strategy.

It may be beneficial to have a third party conduct this economic analysis, because of:

- Limited local capacity issues,
- The assurance of a speedy planning process, and
- The need for a fresh perspective.

As suggested in the pre-disaster planning section, it is worthwhile for the community to perform an economic vulnerability analysis. Using such resources as GIS, the community or regional planning organization can map economic data against analysis from hazard mitigation and land-use plans to see what businesses, industries or industry clusters are most vulnerable. This type of information would be helpful to local decision-makers and business leaders.



Coordinating Recovery Efforts. Source: FEMA

The following actions should be considered when undertaking the economic analysis.

- Review existing strategic plans and studies to determine the extent to which they need to be changed/updated to reflect the new realities on the ground.
- Evaluate existing business development targets and revisit economic issues faced by the community before the disaster. While certain economic issues could have exacerbated following the disaster, others might become irrelevant.
- Solicit information and input from the working groups as well as the community at large.
- Conduct focus groups around key topics to help identify specific challenges and opportunities for the community's long-term economic recovery.
- Hold an economic redevelopment charrette with various stakeholders (business leaders, various economic development groups, local government, citizens, etc.) to develop strategies for specific geographic areas like downtowns, industrial park(s), and the neighborhoods most impacted by the disaster.

It is important that all economic recovery stakeholders understand the findings of the economic analysis before any action steps are proposed or implemented. A deep understanding of the current situation, as well as the long-term vision for the community, will provide critical insight on how the community should move forward.

### Step 3: Create a plan with action strategies.

Information gathered through the impact assessment will serve as the basis for the development of the community's long-term economic recovery plan. With strong input from the private and public sectors, specific action strategies and tactics should be developed to provide direction on economic recovery priorities. While



the strategic plan should be updated every five years to reflect progress and adjust strategies, the action plan which outlines these tactics for the next one to two years should be regularly updated every year.

A phased approach to economic recovery where clear goals and objectives are set for the short-, medium-, and long-term should be developed. Emphasis should be placed on long-term goals, which could be 10 years, 20 years, or longer depending on the extent of damage. At the same time, strategies should be specific and include measurable outcomes to monitor progress and provide adequate guidance for the implementing agencies regarding what is expected.

Assign appropriate organizations to take ownership of and carry out each task. Ensure these organizations have the resources—in terms of in-house capacity, ability, and finances—to carry out the tasks.

### **Step 3A: Coordinate the action plan with the development of an effective communications strategy.**

Communication is always compromised in a post-disaster situation, but an effective economic development organization will seek to re-establish contact with businesses and quickly disseminate relevant information regarding available resources, critical issues, and community restoration and recovery efforts. The EDO will also use the media as an effective communication vehicle. The economic development organization should regularly promote to the public and media their planning efforts and share how resources, projects, and funds will be prioritized.

## **Additional Helpful Resources and Examples**

**Below is a list of resources and links where you can access more details and information on the topic.**

**Town of Lyons, Colorado, Recovery Action Plan (2014)** — Shortly after the flood waters hit Lyons, Colorado, hundreds of citizens engaged in the recovery planning process. Three months later, stakeholder created a recovery plan to address sectors such as economic and business development, infrastructure, and housing. In addition to charting the recovery process, this plan shows *how* the Lyons community developed a framework for recovery and resilience. It is available at:

<http://www.lyonsrecovery.com/uploads/8/3/4/9/8349039/lyonsrecoveryactionplan.pdf>

**Toward a Resilient Seattle: Post-Disaster Recovery Plan Framework (2013)**—Developed from community and stakeholder input, this framework outlines core planning priorities and lays a foundation for the next phase of Seattle’s recovery planning process. This resource is available at:

<http://www.seattle.gov/emergency/publications/documents/SeattleDisasterRecoveryPlanFrameworkJan2013final.pdf>

**Grand Forks, ND’s Flood Disaster Recovery and Lessons Learned (2011)** – Prepared by the City of Grand Forks, ND and regularly updated every year since the 1997 floods, this material introduces you to the Grand Forks community, provides a brief overview of the 1997 flood and recovery process, introduces the strategies and



action steps deployed, and identifies lessons learned for the community. The document can be downloaded at: <http://www.grandforksgov.com/Reports/lessonslearned.pdf>

**City of Oakland Long-Term Disaster Recovery Plan (2010)**-- The plan serves as a model action plan for the City of Oakland and other cities and counties in the San Francisco Bay Area. Prepared by the Association of Bay Area Government (ABAG), this plan covers eight issues identified by ABAG as critical to recovery: financing recovery issues, recovery of government facilities and services, long-term housing recovery, long-term recovery of business, long-term recovery of health care, schools and education, utilities and transportation, and land use change. Download the plan at:

<http://resilience.abag.ca.gov/wp-content/documents/resilience/toolkit/Oakland%20Long%20Term%20Disaster%20Recovery%20Plan.pdf>

**State Disaster Recovery Planning Guide (2012)**—Developed by the Coastal Hazards Center at the University of North Carolina at Chapel Hill, this publication is intended to serve as an evaluative guidebook. The guide presents the how-tos in the planning processes and informative best practices. It also includes questions that encourage thorough reflection and assessment as well as suggested actions to target identified issues. This guide is available at:

[http://coastalhazardscenter.org/dev/wp-content/uploads/2012/05/State-Disaster-Recovery-Planning-Guide\\_2012.pdf](http://coastalhazardscenter.org/dev/wp-content/uploads/2012/05/State-Disaster-Recovery-Planning-Guide_2012.pdf)

**FEMA's Emergency Support Function #14's Long-Term Recovery Annex**—This document identifies and facilitates the use of recovery funding and provides technical assistance (such as impact analyses) for community recovery and recovery planning support. The document is available at: <http://www.fema.gov/pdf/emergency/nrf/nrf-esf-14.pdf>.

**Long-Term Community Recovery ToolBox (March 2012)** – FEMA funded the creation of this toolbox to assist local community leaders with communication, decision-making, identification and development of projects and the creation of funding strategies critical to long-term community recovery. The toolbox supports the work of local communities and recovery professionals involved with long-term disaster recovery. Download the toolbox at: <http://www.fema.gov/national-disaster-recovery-framework/community-recovery-management-toolkit>

**Community Economic Recovery Guidebook (2011)**—The Wisconsin Economic Development Corporation (WEDC) developed this guidebook to assist economic development organizations, businesses and community leaders better prepare for post-disaster economic recovery. In addition to providing real situations and national best practices, this guide also connects disaster management functions with economic development principles to identify strategies and suggests action steps pre- and post-disaster. The guidebook is available for download at: [http://emergencymanagement.wi.gov/resources/docs/CERG\\_11aug5%20FINAL.pdf](http://emergencymanagement.wi.gov/resources/docs/CERG_11aug5%20FINAL.pdf)

**Policies for Guiding Planning for Post-Disaster Recovery and Reconstruction**—This is a discussion on factors that should be considered as part of planning for post-disaster recovery and reconstruction, including: enabling



legislations at the state and local level, economic recovery, hazard mitigation, and strategies that have worked in post-disaster recovery. Its section on economic recovery provides useful information on economic impact analysis as well as how to build a more resilient/sustainable economy. The paper is available at: [http://www.fema.gov/pdf/rebuild/ltrc/fema\\_apa\\_ch3.pdf](http://www.fema.gov/pdf/rebuild/ltrc/fema_apa_ch3.pdf)

**Post-Disaster Redevelopment Plans (PDRPs) in Florida** – These plans have been created to identify policies, operational strategies, and roles and responsibilities to guide decisions that affect long-term recovery and redevelopment of the community after a disaster. Issues include housing recovery, financial administration, environmental restoration, health and social services, and economic redevelopment. The following pilot communities initially developed the first set of plans: Hillsborough County, Manatee County, Nassau County, Panama City, Polk County, and Sarasota County. The state of Florida developed a guidebook to help communities prepare a PDRP:

<http://www.floridadisaster.org/Recovery/IndividualAssistance/pdredevelopmentplan/Index.htm>

**Post-Disaster Recovery Planning Forum: How-To Guide (2007)**—The Partnership for Disaster Resilience’s guide provides a process for communities to start pre-planning for catastrophic events by engaging partners in identifying the critical issues the community will face in a post-disaster environment. The guide is available for download at: [http://www.crew.org/sites/default/files/Post-Disaster-Recovery-Planning-Forum\\_UO-CSC.pdf](http://www.crew.org/sites/default/files/Post-Disaster-Recovery-Planning-Forum_UO-CSC.pdf).

**Regional Resilience: RUPRI Rural Futures Lab Research and Policy Brief (2012)** – This brief provides a framework for assessing current policy and practice related to regional resilience. It was prepared by the Rural Policy Research Institute’s (RUPRI) Rural Futures Lab at the request of the National Association of Development Organizations (NADO) Research Foundation and is available for download at:

<http://www.nado.org/wp-content/uploads/2012/04/RUPRI-Regional-Resilience-Research-Policy-Brief.pdf>

**Resilient Regions: Integrating Economic Development Strategies, Sustainability Principles and Hazard Mitigation Planning (2011)** —This report, published by the National Associations of Development Organizations, provides an in-depth look at the roles that regional planning and development organizations assume to help local and regional economies re-build after natural disasters. As such, it offers examples of regional economic recovery initiatives after the catastrophic events of 2008 in Iowa, Florida, Oklahoma, Mississippi, and Wisconsin:

<http://www.nado.org/wp-content/uploads/2011/07/NADOREsilientReport.pdf>

**Regional Disaster Resilience: A Guide for Developing an Action Plan (2011)** — Developed by The Infrastructure Security Partnership (TISP), this guide is a roadmap that outlines the step-by-step process to develop a cross-sector, multi-jurisdiction strategy to build capacity to deal with crises. The guide also addresses the challenges facing action plan implementation along with practical ways to organize, maintain, and sustain continued stakeholder collaboration and interest on a regional level. Access this roadmap here:

[http://www.tisp.org/tisp/file/Template\\_TISP%20Layout\\_v29\(2\).pdf](http://www.tisp.org/tisp/file/Template_TISP%20Layout_v29(2).pdf)





# Chapter X: Infrastructure & Building Back Better

## Introduction

Among the many challenges in recovering from a disaster is repairing and redeveloping damaged buildings and infrastructure. Depending on the type and scale of disaster, infrastructure damage may be underground (water pipes, natural gas lines or telecommunications cables), above ground (electricity lines, bridges, roads, levees and water treatment plants), or both. In addition to infrastructure, the buildings where people live, work and play – residences, businesses and community facilities – also may be damaged or destroyed. Residences might need to be removed out of a flood plain, structures rebuilt to better withstand earthquakes or hurricanes, and community rebuilt in a different location.

Though enduring and recovering from a disaster is a difficult process, in many cases, leaders find the opportunity for community improvement. Redevelopment after disasters in the U.S. has been used to revitalize downtowns, reduce vulnerability to future damage, replace damaged and inadequate infrastructure, replace affordable housing and preserve historic buildings.<sup>43</sup> These and other rebuilding strategies also can be unprecedented opportunities to leverage economic growth.



Yet post-disaster redevelopment planning presents a paradox: The need to act quickly to restore normalcy, reduce uncertainty and build confidence co-exists with the need to make carefully considered decisions about land use, risk, and infrastructure. The rehabilitation of public facilities is needed to attract private investment, yet the decisions made in the first 18 months after a disaster will impact a community's growth patterns for decades.<sup>44</sup>

Source: FEMA

<sup>43</sup> Olshansky, R. B. (2005). *How do Communities Recover from Disaster? A Review of Current Knowledge and an Agenda for Future Research*, University of Illinois at Urbana-Champaign. Presented at 46th Annual Conference of the Association of Collegiate Schools of Planning Kansas City, October 27, 2005. Retrieved from: <http://cbr.tulane.edu/PDFs/ACSP%20Disaster%20Recovery%20Oct05%20Olshansky.pdf>

<sup>44</sup> City of Grand Forks, North Dakota (2011). *Grand Forks Flood Disaster and Recovery Lessons Learned* [Working Document]. Retrieved from: <http://www.grandforksgov.com/home/showdocument?id=528>



The economic developer has an important role to play in this process. After a disaster, public officials most immediately are concerned with public safety and cleanup, and rightly so. Economic developers can help maximize the potential for community improvement in the recovery and rebuilding process by focusing on larger, long-term strategies for economic growth and business success. They can, for example, advocate that when a damaged bridge is rebuilt, it includes the secondary access road needed to make a local industrial park more marketable; or for the implementation of a long-desired street redesign when water and sewer lines are replaced downtown; or that a new parking garage is planned in a damaged area to accommodate denser future development.

## Getting a Plan in Place

*Chapter 9 - Strategic Planning for Disaster Recovery* of this toolkit outlines the action steps to create a pre-disaster recovery plan, with a focus on the business community and the local economy. The plan defines roles and lays out action steps that economic recovery stakeholders can take in the face of a disaster. Having a plan in place before a disaster enables a community to respond more quickly and efficiently in order to help jumpstart the recovery process and limit the disaster's negative impacts.

Exercises such as an economic vulnerability analysis and scenario planning for community redevelopment can help provide information about a community's potential exposure to risk factors and help evaluate alternative redevelopment scenarios. It can also be exceptionally useful to have the (appropriately) lengthy discussions of redevelopment planning near known hazards *before* a disaster occurs. This way, the community has already gone through the deliberative process of knowing and accepting that when the next major incident (e.g., flood, fire or tornado) occurs, the infrastructure or building will be re-purposed, redeveloped, or hardened in predefined ways.



Source: FEMA

As noted in Sarasota County's draft Post-Disaster Redevelopment Plan (PDRP), advanced planning allows the community to make deliberate decisions about redevelopment that they may be unable to do after a disaster, during the rush to rebuild.<sup>45</sup> (PDRPs – required of all coastal counties and municipalities in Florida – identify policies, operational strategies, and roles and responsibilities for implementation that will guide decisions that affect long-term recovery and redevelopment of the community after a disaster.)

For example, Sarasota County's PDRP "emphasizes seizing opportunities for hazard mitigation and community improvement – such as upgrading or even relocating infrastructure or public facilities during repairs – consistent with the goals of the local comprehensive plan and with full participation of the citizens."

<sup>45</sup> Sarasota County Government (2014). *Sarasota County Draft Post-Disaster Redevelopment Plan*, p. 63. Retrieved from: <https://www.scgov.net/PDRP/Documents/October%202014%20DRAFT%20Post-Disaster%20Redevelopment%20Plan.pdf>





Simply put, any economic recovery planning that can be done before a disaster strikes is likely to result in more strategic redevelopment decisions that are consistent with the community's long-term vision. Such plans also help communities save critical time by enabling them to make funding requests early in the recovery process.<sup>46</sup> Economic developers will find it useful to become familiar with their county or state hazard mitigation plan. Often developed by the state or county office of emergency management, the plan is required by FEMA to guide future hazard mitigation actions (e.g., structural elevations, housing buy-outs, etc.). Knowing how the hazard experts view the greatest risks in your community is helpful when considering whether some of your economic development assets could be vulnerable.

## Key Principles for Post-Disaster Redevelopment and Infrastructure Planning

### Determine your list of economic recovery challenges

After a major disaster, the full consequences to the local and regional economy may be very difficult to determine for days, weeks, and even months after the incident. Often, the consequences are not readily or reliably known through common economic indicators (e.g., unemployment, GDP, or tax revenues) because of delays in the collection of these indicators and the difficulty in determining causality. Instead, redevelopment and infrastructure planning should be informed by the issues currently impacting the community and the region so that addressing them may provide some relief. The odds are that infrastructure or redevelopment issues that arise after one disaster will reappear after a later disaster if they aren't addressed.

### Quickly develop your list of strategic projects

These projects, ideally, stem from the recovery plan developed ahead of time, and are linked to your existing comprehensive land-use plans, economic development strategy and mitigation plan. However, if the community does not have a post-disaster redevelopment plan in place, Chapters 6 and 9 of this toolkit review the data needs and public participation process for creating a redevelopment plan. An efficient, timely process is critical for developing a list of projects and making funding plans and requests.

A US Government Accountability Office review of recovery plans from six major disasters between 1995 and 2009 found three shared characteristics of successful plans: clear goals for recovery, detailed information to facilitate implementation, and timely development of the plan. For example, the city of Grand Forks, North Dakota, approved a recovery plan approximately three months after the 1997 flood of the Red River.

#### Incorporate Critical Infrastructures

Critical infrastructures support the security, public health, and safety of the community. Critical infrastructures are the assets, systems, and networks necessary for a fully functioning community. They will include the following:

- Power grids and networks,

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<sup>46</sup> Olshansky, p. 8.



- Water and sewer systems,
- Transportation corridors, and
- Communication systems.

Restoration of critical infrastructures often comes with additional assistance from the Department of Homeland Security and the state. The EDO should seek ways to use that momentum to support economic disaster recovery. There may have been inadequate infrastructure servicing key areas prior to the disaster, for example. The cost-effective time to upgrade that power system, or that water or sewer main, is during rebuilding. Or alternatively, the EDO may have knowledge of information and communication networks that would better support economic development. The disaster may present the opportunity to install infrastructure like broadband or fiber optics to support more advanced communications. A disaster is an opportunity to build back better.

### Build Public-Private Partnerships

Since the private sector owns between 80 and 90% of critical infrastructure,<sup>47</sup> there are often opportunities for the public sector to partner, provide assistance, and even access to financial incentives for owner-operators to rebuild more quickly and/or to consider certain public good outcomes in their recovery, such as incorporating resiliency.

### Plan to build back for resiliency

The opportunity to redevelop in a way that increases public safety, protects critical infrastructure and mitigates hazards is a silver lining after a disaster. The Infrastructure Security Partnership (TISP) Regional Disaster Resilience Committee, comprised of more than 100 practitioners, policy makers, and technical and scientific experts from across the nation, developed *Regional Disaster Resilience: A Guide for Developing an Action Plan*. The Guide provides a highly detailed way to look at resiliency, providing a strategy to develop the necessary level of preparedness for communities to manage major disasters in today's complex and interdependent world.

- Resilience, increasing a community's resistance to costly damages and disruptions to life and property, strengthens a community and its potential for economic growth. Here are some examples:
- After the Loma Prieta earthquake, which struck Santa Cruz, California, in 1989, five bridges across the San Lorenzo River were replaced in order to reduce their chances of failure in a future earthquake. They also were built higher to decrease the risk of flooding in downtown. In addition, historic masonry buildings that survived were reinforced, and new structures built to meet the seismic code.
- Following the 2008 flooding of Cedar Rapids, Iowa, the city successfully lobbied the Iowa state legislature for the creation of the Flood Mitigation Program, which allows the recapture of sales tax growth to help fund flood protection projects on both sides of the river. Also in Cedar Rapids, EDA provided \$4 million for the construction of new steam production facilities for Mercy Medical Center, in order to curb rising energy costs and to locate above 500-year flood levels.

<sup>47</sup> The Telecommunications Industry Association (n.d.). *Securing the Network: Cybersecurity Recommendations for Critical Infrastructure and the Global Supply Chain*. Accessed at <http://www.tiaonline.org/policy/securing-network-cybersecurity-recommendations-critical-infrastructure-and-global-supply#i>



- When the Red River flooded Grand Forks, North Dakota, in 1997, approximately 12,000 homes and properties were damaged. To prevent future property damage, houses and streets that once abutted the river were bought out and replaced by a greenway. The greenway was part of a new, permanent flood-protection project that also included a sophisticated system of water diversion and a larger, higher earthen levee system.

### Plan to build back for economic impact

Besides the opportunity to build back for greater resilience, post-disaster redevelopment offers a chance to improve the quality of development and the coordination of land uses and infrastructure in a way that can leverage economic growth. The EDO should focus on finding those opportunities to build back for economic impacts that will persist beyond the rebuilding period. The difference between economic impact and economic *activity* are often confused as interchangeable after a disaster. This is not the case! There are often very noticeable and high-expenditure rebuilding efforts that produce substantial economic activity through construction, hiring tradespeople, and replacing lost inventory or equipment.

- In the case of Santa Cruz, where 27 commercial buildings in the historic downtown had to be demolished, the community wanted to maintain the downtown's historic character and role as a social and cultural center, but also to bring in a weekday population to support small retailers and restaurants. As a result, one of the city's redevelopment goals was to rebuild as much office space as possible downtown. Part of its strategy was to increase height limits to five stories; EDA helped with this strategy by providing funding for a parking garage. Santa Cruz also rebuilt its downtown streets with wider sidewalks, outdoor public spaces and other improvements, and included a conduit for easy installment and repair of telecommunication lines in the future (later to be used for broadband Internet delivery).
- In Cedar Rapids, its flood protection system (currently under construction) will raise the flood wall at the Quaker Oats plant to protect it against flooding similar to that suffered in 2008.
- In Grand Forks, the city built a two-building "corporate center" to replace burned-out office space, to provide a downtown anchor and to encourage others to rebuild.
- Corridor improvements proposed for Lyons, Colorado, after its devastating flood in 2013 are planned to improve the aesthetics of the town, improve safety, increase bicycle use and improve parking, and provide multi-modal paths that will connect blighted commercial areas and residential neighborhoods to the central business district.

### Combine federal resources for maximum impact

The majority of federal funding available to restore and repair infrastructure and facilities after a disaster is often limited to restoring the asset to its pre-disaster conditions. However, these funds can be coupled with other federal resources (or state, local or private funds) to improve impacted infrastructure and mitigate damage from future disasters.<sup>48</sup>

Though it varies based on the type of disaster, typical federal funding sources for post-disaster infrastructure repair, improvement and redevelopment include FEMA's Public Assistance Program and Hazard Mitigation Grant

<sup>48</sup> U.S. Department of Transportation (n.d.). Federal Funding Resources for Transportation Recovery – Overview [Webpage]. Accessed at <http://www.dot.gov/highlights/disaster-recovery/funding/federal>



Program; HUD's Community Development Block Grants-Disaster Recovery Assistance; the U.S. Army Corps of Engineers, and EDA Public Works and Economic Adjustment Assistance grants.

Yet there are other sources of federal funds that can be used for disaster recovery besides these most common sources. For example, HUD allows grantees to reprogram previously awarded CDBG and HOME funds to disaster recovery activities. As well, the Federal Highway Administration's Federal-aid Highway Emergency Relief program supplements state, local and other federal resources "to help pay



Source: FEMA

for unusually large expenses resulting from extraordinary conditions."<sup>49</sup> It does not require a presidentially declared disaster.

- EDA and HUD-CDBG dollars (\$18 million and \$5.3 million, respectively) both are helping fund Minot, North Dakota's ambitious "Imagine Downtown" plan following the city's 2011 flood. The plan encompasses both business and residential renewal projects and the replacement of destroyed or damaged public downtown infrastructure such as streets, curbs, storm sewers, water mains, street lights, traffic lights and other projects, as well as creating new infrastructure to support future growth.
- In Vermont, following flooding from Hurricane Irene, communities needed funding both for the local share of FEMA-approved projects and for many recovery projects that were deemed ineligible for FEMA Public Assistance Program funding. CDBG-Disaster Recovery funding is filling the gap in many of these instances, for infrastructure and community facilities projects such as a child care center in Waterbury, new municipal offices in Waitsfield and Moretown, and a feasibility study for the relocation of fire and police departments.
- In other cases in Vermont, communities are working with combined funding from FEMA, the Vermont Division of Emergency Management & Homeland Security, the Federal Highway Administration and the Vermont Agency of Transportation to repair or replace roads, bridges, culverts and municipal buildings.

### Use federal dollars to leverage state and local dollars

As noted in Chapter 2, disaster recovery and redevelopment is expensive. Typically, the cost must be shared among multiple levels of government (often among multiple agencies at each level), and supplemented by private funds.

- In Santa Cruz County, residents approved the passage of a half-cent sales tax for six years, which generated approximately \$12 million for the city of Santa Cruz, \$15 million for the city of Watsonville, and \$17 million for unincorporated areas of the county. Officials used the money generated to meet matching requirements for FEMA's Public Assistance Grant Program and to finance various other recovery projects.<sup>50</sup> (Though the strategy of raising local taxes may not work in many communities,

<sup>49</sup> Ibid.

<sup>50</sup> U.S. Government Accountability Office (2008, September). *Disaster Recovery: Past Experiences Offer Insights for Recovering from Hurricanes Ike and Gustav and Other Recent Natural Disaster* [Report to the Committee on Homeland Security and Governmental Affairs, U.S. Senate], p. 18. Retrieved from: <http://www.gao.gov/new.items/d081120.pdf>



there are some in which it will be practical and appropriate.) As well, the city of Santa Cruz's redevelopment agency was a funding partner with the Corps of Engineers in rebuilding the bridges across the San Lorenzo River.

- In Grand Forks, FEMA agreed to pay to replace flooded water meters with an equivalent system, so the city paid the incremental additional cost to upgrade and automate the system.<sup>51</sup> In addition, the Bank of North Dakota provided a \$44 million line of credit to Grand Forks for the city to use to meet FEMA matching requirements.<sup>52</sup>
- In Cedar Rapids, Iowa, the \$264 million secured from the state-created Flood Mitigation Program will be supplemented by another \$70 million in federal funding, at least in part from the U.S. Army Corps of Engineers.
- The town of Lyons, Colorado, suffered flooding that destroyed the town's electrical, sewage and potable water services, damaged or destroyed nearly 30 percent of its housing stock, and destroyed the town hall and library building. As part of Lyons' recovery efforts, leaders have proposed creating a new multipurpose magnet library and community center. A low-interest loan from the U.S. Department of Agriculture is one option for financing the library, which can be paired with local funding mechanisms available in Colorado such as building authorities, downtown development authorities, business improvement districts and tax allocation bonds.

## Conclusion

The time just after a disaster is difficult under the best of circumstances, and depending on the magnitude of the event, can continue to be so for months or even years. In this time of stress and uncertainty, however, is a window of opportunity to make changes that result in a more physically resilient, economically vibrant community over the long term. By remaining focused on the big picture and the potential impact of catalytic infrastructure and redevelopment projects, economic developers can ensure that this opportunity isn't missed.

<sup>51</sup> *Grand Forks Flood Disaster and Recovery Lessons Learned* (2011), p. 8

<sup>52</sup> *Disaster Recovery: Past Experiences Offer Insights for Recovering from Hurricanes Ike and Gustav and Other Recent Natural Disaster* (2008, September), p. 6





# Chapter XI: Neighborhood Revitalization Post-Disaster

## Introduction

What happens at the neighborhood level has a profound impact on people's lives. Whether neighborhoods move forward economically is largely dependent upon the key actors within a neighborhood – the residents, businesses, and property owners. Creating a framework for these actors to not only co-exist in a valuable, mutually supportive manner, but to also work together toward creating and sustaining a vibrant, energetic neighborhood is what neighborhood development strategies are all about.

Disasters sometimes have exceptionally severe impact in particular neighborhoods so that business recovery depends upon an integrated redevelopment of the neighborhood. Especially, there will be neighborhoods economically challenged prior to the disaster that will likely have greater difficulty recovering due to pre-existing lack of financial resources and stability. In the wake of a disaster, the EDO has the opportunity to leverage community engagement in the disaster recovery process into full neighborhood revitalization that will support a stronger business climate in these neighborhoods.

## Neighborhood Revitalization and Other Recovery Efforts

A disaster creates a chaotic environment. Existing, emerging, private, institutional, and public organizations will mobilize to meet recovery needs. By its very nature, a neighborhood revitalization process integrates a wide variety of stakeholders and stakeholder needs. The most successful processes let each partner bring its resources to bear, weaving them together in support of a shared built vision and assessment of community needs.

Neighborhood revitalization will often be one additional component of the overall EDO recovery work. The businesses in the identified neighborhood will be a subset of the EDO's inventory. The EDO brings the strength of its existing knowledge base and resource offerings to support the neighborhood development. Its general disaster recovery functions for the wider community will be directly applicable to the neighborhood. The additional service the EDO can provide is leadership that supports the collaborative revitalization planning process.

This chapter first reviews the particular challenges and opportunities during disaster recovery in a pre-existing distressed neighborhood.





The chapter then outlines neighborhood recovery processes:

- Mobilizing the community/neighborhood for change;
- Assessing neighborhood needs;
- Developing a shared vision;
- Potential organizations to drive planning strategies; and
- Putting together a Neighborhood Revitalization Plan.

This chapter then identifies some particular revitalization opportunity areas in disaster recovery: infrastructure, streetscape and façade improvements, incentive zoning and permitting, and disaster recovery funding.



Source: FEMA

The final section reviews communication strategies that support the success of this work.

Note that all implemented strategies must be tailored to the contexts of their respective communities. Not all disasters present the same challenges to communities, and distressed neighborhoods are frequently characterized by particular, pre-existing economic development challenges.

## Particular Challenges and Opportunities

The revitalization of neighborhoods in the wake of a disaster requires economic development projects at a local level to nurture and accrue individual and collective assets for the community. Often, a holistic approach, utilizing both traditional and non-traditional economic development activities, is required. Such an approach requires a revitalization plan that addresses socioeconomic needs, including a focus on local points of social conflict, barriers to entrepreneurship, barriers to affordable housing, infrastructure status, chronic vacancy, crime rates, unemployment rates, workforce issues, and the neighborhood's history. The following challenges and opportunities provide a baseline of questions and criteria that are useful when conducting a holistic assessment of the neighborhood's post-disaster needs.

### Challenges

Neighborhood revitalization and disaster recovery are two separate and specialized economic development undertakings. Integrating the processes presents the following unique challenges.

#### Pre-Disaster Conditions

Pre-disaster conditions and issues of a distressed neighborhood are exacerbated post-disaster. A disaster causes stress to those who were impacted directly or indirectly. This added stress can elevate tensions, pushing previous issues to a heightened level, such as crime or class and social issues. A disaster can also increase blight with increased vacancies, crime, and closing of neighborhood businesses or activity centers.

#### Lack of Capacity



Blighted neighborhoods often lack strong neighborhood organizations. This presents barriers in recovery, including lack of an established organization to disseminate information locally, lack of leadership, and lack of knowledge to recover from disaster.

### **Neighborhood-oriented Commercial Activity Overlooked**

Neighborhood commercial activity has to compete with the public and private sectors' attention when an active central business district exists. A downtown is seen as a highly visible symbol to the public sector, so programs or efforts pre-disaster and post-disaster are often directed to downtown(s) and not the neighborhood commercial activity.

### **Difficulty in Seeing Revitalization Potential**

Post-disaster, those in a distressed neighborhood may have increased difficulty in envisioning success for the area. They may be trapped in discussing the issues of the neighborhood that was, rather than the neighborhood it could be. Local residents of a distressed neighborhood will require further efforts to get involved, as the disaster draws down scarce resources.

### **Small Neighborhood Businesses Hit Hard**

The majority of neighborhood businesses are locally family owned businesses. The family's home may be in the same impacted area. The business might not be in a position to take on additional debt, forcing families to abandon the business. This is especially true if the neighborhood is impoverished, where businesses cash reserves are low, and their sales cannot support additional debt.

### **Divisive Social Lines**

In many distressed neighborhoods social and class issues exist, and during recovery the increased tensions can make a neighborhood more divisive. One class may yearn for a different sort of recovery or focus on social issues (such as educated vs. non-educated), and they can push recovery in a direction that doesn't represent the neighborhood equally. These challenges require identifying divisive lines or broken social networks, and developing programs to address these issues.

## **Opportunities**

While distressed neighborhood revitalization post-disaster presents many challenges, it also presents unique opportunities. These opportunities, which should be used to an advantage in recovery, include:

- **Opportunity to re-group, re-connect, and re-focus a neighborhood**
  - A disaster presents an opportunity in that everyone impacted can relate to the issues and pains of recovery. This common bond provides an opportunity to have people work together, to reconnect with each other, and to re-focus a neighborhood to address the neighborhood issues.
- **Ability to leverage prior distressed status for resources and services**
  - A distressed neighborhood does have programs and services it can receive, especially if a low-income neighborhood, which is often the case. During a recovery, these programs should be



leveraged, and the status of the distressed neighborhood can assist in marketing recovery efforts and needs.

- **Ability to prevent blight from spreading within and/or to other neighborhoods**
  - Post-disaster blight can easily spread with many people who are tired of the neighborhood abandoning houses and businesses.
  - A recovery program or plan presents an opportunity to stop and eliminate blight. This is especially appealing to surrounding neighborhoods and residents who may be concerned with their property values declining.
- **Rehabilitate/repurpose existing neighborhood assets for new purposes that meet both neighborhood and city needs**
  - Every neighborhood has assets, and post-disaster these assets can serve new purposes. This can include vacant spaces or buildings, which can be used to house (temporarily or permanently) city services, offices, or businesses. Increased vacant land can allow for large development projects in a city that may have a lack of large parcels. Another example is increasing green space for the neighborhood and the city to utilize.
- **Improve quality of life for existing residents and adjacent neighborhoods**
  - A blighted neighborhood hurts the city and residents in many ways, including reduced property values for adjacent properties and neighborhoods, which affect the city's tax base. A disaster can present the opportunity to revitalize the area and therefore increase property values and the tax base.

## Getting Started - Mobilizing for Change

In a post-disaster situation, efforts need to be organized quickly, while the disaster is still front and center and before valued parties lose interest. The daunting task of recovery and revitalization will require a collaborative effort from multiple parties. These stakeholders include residents, merchants, local organizations, and government agencies. Expressing the ambition to revitalize is a start in organizing efforts. From these interested parties, or a neighborhood meeting, or government sources, ideas for revitalization strategy will begin to form. Committing to a specific recovery strategy is not required right after a disaster, but ensuring the neighborhood is included in recovery efforts and that the needs are brought to the attention of stakeholders during redevelopment are beginning steps for neighborhood revitalization. Efforts to organize include:

### Identify Relevant Stakeholders

It's important to know whom to involve so that the neighborhood is properly represented and recovery efforts can be easily organized. Identify local groups and charities involved in the neighborhood, religious organizations, prominent business owners in the neighborhood, and contacts at the city, regional, and state level. Gathering contact information through formal networks can bring many stakeholders to light, but informal discussions on the goal to revitalize the neighborhood can spur interest and bring forward additional contacts.

### Identify a Revitalization Champion(s)

Whether it's your organization, another organization, or individuals, a champion of the revitalization should be identified. This allows for an individual or organization to be a point of contact and resource providing one



stream of clear communication. Identifying local residents as a champion can occur at neighborhood meetings and can empower individuals who have a vested interest in their neighborhood.

### **Gather Residents to Spur Interest and Educate**

Gathering local residents of the distressed neighborhood doesn't have to require long prep and man-hours. A gathering right after a disaster can allow the opportunity to educate residents on resources available for recovery and on the goals to revitalize a neighborhood. This can help ease abandonment of properties in the neighborhood by showing property owners that revitalization is in the works and plans to improve the neighborhood will be developed. Just knowing efforts will happen to improve the neighborhood can be a powerful enough message to persuade residents to stay, as seen in the spotlight box below.

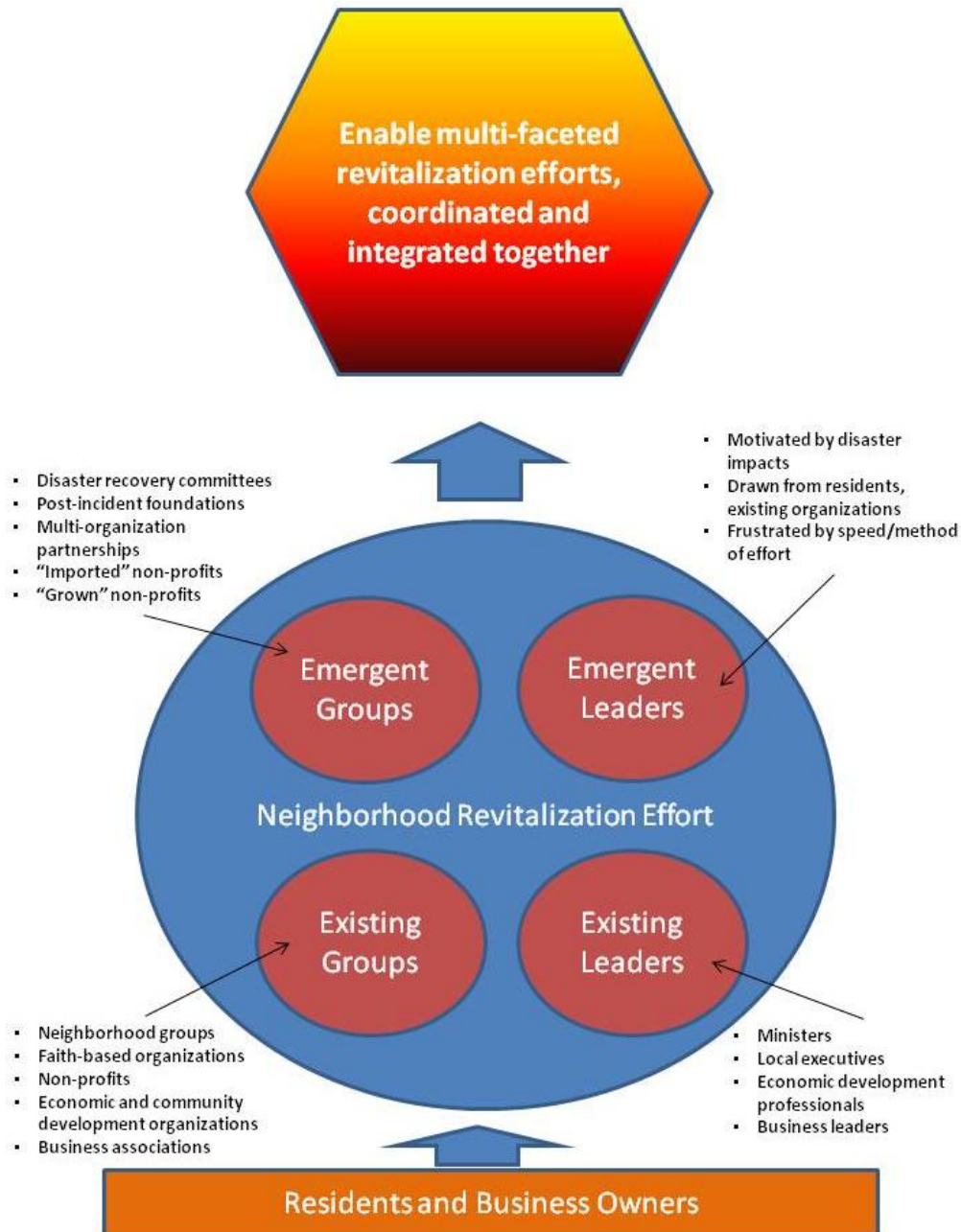
#### **Case Study: Broadmoor Neighborhood Rallies for Recovery**

The Broadmoor neighborhood post-Katrina was slated for destruction because of what city officials initially saw as an unsalvageable neighborhood. Neighborhood resident Virginia Saussy and the neighborhood group, the Broadmoor Improvement Association, jumped into action and organized a rally to initially show neighborhood solidarity, educate residents of the proposed destruction, and, as one organizer put it, "as really just a news opportunity". Meeting signs were posted throughout the neighborhood, and residents who had moved away were called. The efforts brought a large crowd to the rally. This rally accomplished more than just educating the residents on how they could personally recover. After hearing remarks, a pledge was passed around, and residents and businesses promised to come back to Broadmoor. By the end of the rally the pledge had 300 signatures, and neighborhood champions had provided the momentum that ultimately brought forth efforts for revitalization of the neighborhood.

Source: "Broadmoor Lives" Harvard Case Study, pp 7-8

### **Roles and Responsibilities**

Successful neighborhood revitalization strategies require a commitment of numerous actors, including residents, neighborhood institutions and organizations, and economic developers. These roles and responsibilities may have changed from the pre-disaster situation, and the adaption to the new environment will enable a more cohesive revitalization. The figure below captures the way these different groups can interact and integrate to support revitalization efforts.



### Residents and Business Owners

**Roles:** Drivers of redevelopment and primary stakeholders.

**Responsibilities:** Participate in neighborhood organizations. Provide input for planning efforts, including attending neighborhood meetings and hearings. Support local economy and businesses. Embrace or work against a negative neighborhood image or identity.

### Emergent Leaders

**Roles:** Drivers of change, visionaries.





**Responsibilities:** Represent needs of the community. Encourage community involvement. Publicly advocate for the community. Bring attention to the community and its needs.

**Emergent Organizations/Groups** - These are groups that likely respond to heightened needs.

**Roles:** Develop capacity to attract and distribute resources.

**Responsibilities:** Represent needs of the community. Encourage community involvement. Publicly advocate for the community. Bring attention to the community and its needs. Partner in planning work and collaboration.

**Established Organizations** - May include local business development organizations, religious groups, community centers, and social service agencies.

**Roles:** Provide institutional resources to support neighborhood revitalization . Attract or reposition resources to respond to post-disaster needs and neighborhood revitalization work.

**Responsibilities:** Inform and connect the community with resources. Represent needs of the community. Encourage community involvement. Publicly advocate for the community. Represent neighborhood interests, provide capacity for redevelopment, reach out to local professionals for skills, and provide knowledge of neighborhood to community and other parties. Bring attention to the community and its needs. Partner in planning work and collaboration.

### **Economic Development Professional**

**Roles:** Lead capacity-building, redevelopment and revitalization process for disaster recovery.

**Responsibilities:** Serve as an analyst of the needs and conditions of the neighborhood, a catalyst and advocate for change, an educator to the public and other officials, and a visionary to assist in visioning a revitalized neighborhood and connecting resources to do so.

### **Local Government**

**Roles:** Health, safety and welfare of the community.

**Responsibilities:** Provide resources for disaster recovery, support strategies for revitalization, collaborate across departments and agencies. Recognize the individual needs of each neighborhood, enforce housing codes to fight blight and vacancy, streamline permitting process, work with community organizations to stimulate neighborhood confidence. Provide planning services and data in support of neighborhood revitalization.

## **Assessing Neighborhood Revitalization Needs**

Assessing revitalization needs can begin during initial organizing of efforts, during the visioning process, or during the recovery planning process. Ideally, this would occur immediately after a disaster, before people and businesses permanently leave a neighborhood. Assessing the revitalization needs of a distressed neighborhood post-disaster will require additional assessment needs as compared to just post-disaster assessments. An assessment doesn't have to be a long process or require intensive hours, but should be done on a local level to the ability that resources allow. Be wary of over-assessing; people may get weary of having multiple





assessments post-disaster and may be tired of the assessment process. If this happens assessment results will not be true, and other informal evaluations can occur, such as casual one-on-one meetings.

The goal of assessing revitalization needs is to understand what specific needs or barriers may exist in a neighborhood in order to complete the revitalization. This should be completed as soon as possible after a disaster and followed-up during recovery, such as a year later, to see if needs have changed or still need to be addressed. Generally, the information collected can include key neighborhood assets to reopen/preserve, neighborhood values, prior issues/barriers that may arise again, neighborhood-wide recovery needs, and property status. One unique way this was done was using volunteers to identify all properties' vacancy status by the organization Beacon of Hope. To learn more, please see the profile of Beacon of Hope in [Case Study Appendix 8](#).



Source: FEMA

## Tools to Assess Revitalization

### Reaching out to Businesses

Businesses require special attention during recovery to identify their needs and issues. Means to identify their needs and issues can include electronic or paper surveys or in-person meetings. Examples of information to collect, no matter the format, include:

- estimates of property and equipment damage,
- economic activity loss,
- workforce disruption and loss,
- utility disruption,
- loss of suppliers,
- loss of customers,
- financial and technical assistance needs.

### Business and community survey

A business or community survey is a great method to gather the needs and current issues facing the neighborhood. Qualitative and quantitative information can be used to formulate issues, gather ideas for redevelopment, and gauge what is valued in the neighborhood. Many different groups can implement the survey, such as a CDC, BID, or a local neighborhood group. Whoever implements the survey should have a level of trust and some relationship with the recipients to ensure a better, truthful response. An example of a business survey is below. This was implemented by the Main Street program and was for business owners and managers. This survey allowed the Main Street program to help in writing development strategies of their revitalization plan. Mailing to local businesses and spending one-on-one time with business owners increased the response rate.



## Sample Business Survey



### Czech Village/New Bohemia Main Street District Business Survey

Dear Business Owners & Managers:

The Czech Village/New Bohemia Main Street District Program is conducting this survey of area businesses. Your answers will provide direction for marketing and business development strategies.

**This is a confidential survey.** Please place the survey in an envelope and a Main Street volunteer will pick it up within two to three days. Survey questionnaires will be tabulated by an independent consultant. If you have any questions, please contact the Czech Village/New Bohemia Main Street District Program office at (319) 432-9785. Thank you for your time and participation.

**Please select one response to each question unless otherwise indicated.**

1. What is your primary business type?
 

|   |   |  |
|---|---|--|
| A. <input type="checkbox"/> Retail              | D. <input type="checkbox"/> Financial/Banking | G. <input type="checkbox"/> Manufacturing          |
| B. <input type="checkbox"/> Service             | E. <input type="checkbox"/> Food & Beverage   | H. <input type="checkbox"/> Non-profit             |
| C. <input type="checkbox"/> Professional/Office | F. <input type="checkbox"/> Entertainment     | I. <input type="checkbox"/> Other (Specify: _____) |
2. Do you own or rent your business location?
 

|                                 |                                  |
|---------------------------------|----------------------------------|
| A. <input type="checkbox"/> Own | B. <input type="checkbox"/> Rent |
|---------------------------------|----------------------------------|
3. How long has your business been located in the Czech Village/New Bohemia district?
 

|  |  |  |  |                                       |
|--|--|--|--|---------------------------------------|
| A. <input type="checkbox"/> Less than 1 year | B. <input type="checkbox"/> 1 to 4 years | C. <input type="checkbox"/> 5 to 9 years | D. <input type="checkbox"/> 10 to 20 years | E. <input type="checkbox"/> 21+ years |
|--|--|--|--|---------------------------------------|
4. Which one of the following best describes your primary customer base? *(Select one answer)*

|   |   |
|---|---|
| A. <input type="checkbox"/> Local/Regional Cedar Rapids Residents | B. <input type="checkbox"/> Visitors and Tourists |
|---|---|
5. Which one of the following best describes the main reason for customers to do business with you? *(Select one answer)*

|   |   |   |
|---|---|---|
| A. <input type="checkbox"/> Selection & variety | C. <input type="checkbox"/> Convenience               | E. <input type="checkbox"/> Reputation    |
| B. <input type="checkbox"/> Customer service    | D. <input type="checkbox"/> Price of goods & services | F. <input type="checkbox"/> Other (_____) |
6. Of the following media and direct marketing resources, which two (2) are most effective for your business?
 

|  |  |  |
|--|--|--|
| A. <input type="checkbox"/> Newspaper      | E. <input type="checkbox"/> Yellow Pages     | I. <input type="checkbox"/> Social Media (Facebook, Twitter, etc.) |
| B. <input type="checkbox"/> Shoppers Guide | F. <input type="checkbox"/> Direct Mail      | J. <input type="checkbox"/> Other (_____)                          |
| C. <input type="checkbox"/> Television     | G. <input type="checkbox"/> Internet Website | K. <input type="checkbox"/> None                                   |
| D. <input type="checkbox"/> AM/FM Radio    | H. <input type="checkbox"/> Email Marketing  |  |
7. Does your business have an Internet website?
 

|                                 |                                |
|---------------------------------|--------------------------------|
| A. <input type="checkbox"/> Yes | B. <input type="checkbox"/> No |
|---------------------------------|--------------------------------|
8. Does your business have a Facebook page?
 

|                                 |                                |
|---------------------------------|--------------------------------|
| A. <input type="checkbox"/> Yes | B. <input type="checkbox"/> No |
|---------------------------------|--------------------------------|
9. Would you consider participating in a Czech Village/New Bohemia District cooperative advertising or marketing program?
 

|                                 |                                |  |
|---------------------------------|--------------------------------|--|
| A. <input type="checkbox"/> Yes | B. <input type="checkbox"/> No | C. <input type="checkbox"/> Don't Know |
|---------------------------------|--------------------------------|--|
10. What type of new businesses, located near you, would help your business generate more revenue? *(Please be specific)*

|                         |
|-------------------------|
| A. First Choice: _____  |
| B. Second Choice: _____ |
| C. Third Choice: _____  |

**Please complete questionnaire on reverse side**

## Large group meeting with businesses

It is important to meet with business owners in an impacted area. Meeting with owners will divulge needs and information that may be missed from a survey or online form. Meeting in person, whether in small groups, at neighborhood business meetings, or through other forums will open the communication channels of needs and issues and allow your organization to build, mend, or create a relationship that will be useful in building trust throughout revitalization.

## One-on-one meeting with business owners or managers

If your organization has the capacity, or a limited number of businesses were impacted by the disaster, having a one-on-one meeting with the business owner can provide a wealth of knowledge that a survey cannot. Hearing



personal anecdotes or needs can be fruitful in identifying needs you can immediately address and other needs to address during a revitalization planning process.

### **Neighborhood gatherings or meetings**

A fruitful means to gather input in a neighborhood is with a gathering or meeting. Especially post-disaster when neighborhood members are looking for answers on how to recover, a gathering or meeting can be a great tool to gather feedback on the needs and issues of revitalization. It's also great to give a business or community survey during this time for personal feedback.

### **Neighborhood asset mapping**

Asset mapping shows the assets of the neighborhood and highlights the interconnections among them. This can also be completed in conjunction with the city at the city level. This effort doesn't have to be very detailed as staff time post-disaster is already stretched thin. Identifying assets and how they are interconnected reveals how to access those assets. These assets are not only physical assets, but also include relationships, cultural mapping, and human capital. There is no one way to complete neighborhood asset mapping, but for a sample structure and more information, look at resources from The Asset-Based Community Development Institute: <http://www.northwestern.edu/ipr/publications/community/introd-building.html> See the neighborhood asset map diagram below for an example of the framework.



From: Kretzmann, J. P., & McKnight, J.L. (1993). *Building Communities from the inside out*. Center for Urban Affairs and Policy Research, Northwestern University Press.

(c) 2006, Northwestern University, \*Restricted use.

## Developing a Vision for Neighborhood Revitalization

To build support for neighborhood revitalization, all stakeholders, especially existing local residents, need to start to build a vision for a stronger neighborhood. The sustainability and success of revitalization attempts depend upon the engagement of local residents and an authentic desire for change from the community. A sense of ownership of a neighborhood, its challenges, and the implementation interventions can be created by building a vision and engaging local residents throughout the revitalization process.

A distressed neighborhood can have divisive lines or a “shattered” social network. Using the common thread of the recent disaster gives a common ground for neighborhood residents upon which to connect and begin the rebuilding process of not just the physical neighborhood, but of the identity and connectedness of a neighborhood.

To jump-start this process, a meeting or gathering should occur that engages residents and revitalization partners in a visioning, or similar process. An example of this is highlighted in the spotlight box of Broadmoor. This can be tied in with assessing revitalization needs (discussed later in this chapter) and can help rally residents around the neighborhood and be a catalyst for change. Potential exercises include charettes or other engaging



activities that get attendees identifying issues with the neighborhood and begin developing a vision of what it can become. Tips can be taken from the strategic planning chapter of this toolkit. Additionally, including individuals from the communities with professional skills, such as moderating public meetings, can assist in engaging conversation without imposing additional work on weary staff.

## Potential Organizations to Drive Planning Strategies for Revitalization

The first two steps of recovery are mobilizing the neighborhood and community for change and assessing revitalization to help feed a planning strategy. The fundamental purpose of a planning strategy is to guide the vision and provide a framework from which revitalization decisions can be made. Many of the strategic planning processes as outlined in the strategic planning chapter of this toolkit can be tailored to neighborhood revitalization. Below a few select strategies are discussed. Choosing one of the model strategies will not facilitate revitalization alone, but with neighborhood support and partnership with other local stakeholders, it can be a start. Other organizations can undertake a recovery planning process such as a business improvement district or special assessment area. Choosing which organization works best for you should be completed in the “identifying initial stakeholders” stage. After a disaster, many things will change, but a planning strategy and the lead delivering organization should account for this by being flexible while outlining a framework for the revitalization to continue.

### Five Key Elements of Neighborhood Revitalization

Engaging residents and community leadership catalyzes and sustains comprehensive change efforts

1. Developing strategic and accountable partnerships leads to lasting change
2. Maintaining a results focus supported by data presents a strategy for achieving specific objectives, helps to focus multiple stakeholders on a common goal, and can lead to a common dataset to measure progress
3. Investing in and building organizational capacity helps the community meet its objectives
4. Aligning resources to a unified and target impact strategy builds a critical mass of efforts in a neighborhood to reduce neighborhood distress

Source: The White House (July 2011). *Building Neighborhoods of Opportunity* (White House Neighborhood Revitalization Initiative Report). Retrieved from:

<http://www.whitehouse.gov/administration/eop/oua/initiatives/neighborhood-revitalization>

### Neighborhood Redevelopment/Revitalization Task Force

A redevelopment or revitalization task force is a group of key neighborhood stakeholders and community stakeholders. Developing a task force/coalition of neighborhood-based actors that can pool financial and human



resources is one effective way to take advantage of the neighborhood's existing resources. The scope of the task force can vary depending on neighborhood need, but it can be used to oversee revitalization efforts, or to bring neighborhood level needs to agencies' and local government's attention. A task force is beneficial in that it can provide local insight on neighborhood issues and work specifically to address these issues.

One of the first steps in creating a redevelopment task force is to identify the stakeholders who will be members. This can include residents, neighborhood organizations, government officials, and professionals with potentially relevant skills. Residents can be gathered from the visioning meeting or a neighborhood rally meeting. If there is no interest/lack of stakeholders, bring in nearby neighborhood stakeholders or organizations and explain how issues in this neighborhood will affect/spread into the surrounding area and city unless work is done. An additionally important step is to define the scope of the task force work. This will enable the task force to stay on track, and defines goals that can be described to outside parties.

Guiding steps for forming a task force:

- Involve stakeholders of the public and private sector with varying skills. Liaisons to other recovery strategies and neighborhood representation are just as important.
- Identify clear goals and scope of the task force (who they report to, who reports to them).
- Give the task force a voice: Identify representatives who can speak on behalf of the force to city, regional, and state officials.
- Partner with an enforcing power: Partnering with a city office, CDC, or other organization allows the task force to use established organizations' representations to enforce planning steps and reach out during the planning effort.

### Utilizing or Developing a Community Development Corporation

A community development corporation (CDC) can play a unique role in neighborhood economic development and revitalization post-disaster. The University of Maryland defines CDCs as "community-based organizations that anchor capital locally through the development of both residential and commercial property, ranging from affordable housing to developing shopping centers." CDCs do not have a standard service, and this flexibility allows neighborhood CDCs to adjust the mission and scope of the organization for specific neighborhood needs. While the CDC is not the only form of neighborhood redevelopment group, it works with the same essence of all neighborhood development groups as an active advocacy organization trying to solve neighborhood problems.

#### Roles of a CDC:

- Providing leadership to stimulate the development process within the community
- Packaging public and private financing
- Investing in development projects
- Developing and managing development projects
- Providing technical assistance
- Assisting in directing city investments within neighborhoods to achieve the greatest impact and leverage





## Funding

Although CDCs can be for-profit or nonprofit, most are nonprofit 501(c)3 tax-exempt organizations. This status qualifies them to obtain financial support from the government and private foundations. For-profit CDCs are generally subsidiary organizations of larger entities (such as corporations) and undertake some profit-making development work.<sup>53,54,55</sup>

## Creating and Using a Main Street Program

A Main Street program is a great tool for neighborhood revitalization in that it can focus resources to a specific area. Even though the words “Main Street” are in the title, this doesn’t mean they work in downtown’s main streets. For example, the highlighted case study of Cedar Rapids was a commercial area south of the city’s downtown. They were able to secure Main Street status, and as seen in the profile, assisted with the successful revitalization.

As a unique economic development tool, the Main Street Four-Point Approach® is the foundation for local initiatives to revitalize their districts by leveraging local assets—from cultural or architectural heritage to local enterprises and community pride. It is a comprehensive strategy that addresses the variety of issues and problems that challenge traditional commercial districts.<sup>56</sup> The four points are Organization, Promotion, Design, and Economic Restructuring.

## Funding

Financial support for the program comes from the local entities that have a stake in the commercial area: city government, merchants, businesses, and the public. The success of the Main Street program over the years lies in the fact that it is a local initiative, both organizationally and financially.<sup>57,58</sup>

## Neighborhood Revitalization Plan – Short and/or Long Term

One of the most common strategies for revitalization of a distressed neighborhood is to develop a neighborhood revitalization plan that can guide and organize efforts. A revitalization plan will help in identifying the current issues, capturing the neighborhood’s vision, defining action steps to revitalization, and defining a structure for

<sup>53</sup> University of Maryland (n.d.) [Additional Resources]. *Models and Best Practices*. Retrieved from: <http://community-wealth.org/resource-type/models-and-best-practices>

<sup>54</sup> University of Maryland (n.d.) [Additional Resources]. *CDC Overview*. Retrieved from: <http://community-wealth.org/strategies/panel/cdcs/index.html>

<sup>55</sup> University of Maryland (n.d.) [Additional Resources]. *Toolbox: Community Development Corporation (CDC) Tools*. Retrieved from: <http://community-wealth.org/content/community-development-corporation-cdc-tools>

<sup>56</sup> National Main Street Center (n.d.). *The Main Street Four Point Approach*. Retrieved from: <http://www.preservationnation.org/main-street/about-main-street/the-approach/#.U-uEj-NdXOV>

<sup>57</sup> National Main Street Center (n.d.) [Additional Resources]. *Getting Started: Using the Main Street Approach*. Retrieved from: <http://www.preservationnation.org/main-street/about-main-street/getting-started/#.UVSFPNnbRpg>

<sup>58</sup> National Main Street Center (n.d.) [Additional Resources]. *Resource Center: Ideas and solutions for issues facing main streets*. Retrieved from: <http://www.preservationnation.org/main-street/resources/#.UVSGqNnbRpg>



revitalization for existing and new stakeholders. This plan and framework can be referenced by the city, new developers, or organizations and can assist in the revitalization. A plan can follow the strategic planning process, but additional guidelines should be noted with a neighborhood revitalization plan.

### **Engage the public and private sector**

A revitalization plan that has not engaged the private and public sector will not garner support for adaptation and can be left unrecognized by key players who support and facilitate the revitalization. Continuing initial meetings during the mobilization for change will provide an opportunity to engage the public.

### **Make sure the plan reflects an understanding of new market realities after the disaster.**

The economy of any area after a disaster will be different than pre-disaster. Clientele can change with the changing neighborhood; businesses may no longer serve neighborhood needs, and social or physical needs of a neighborhood may change as well. A plan should avoid utopian ideals and recognize the changed market of the neighborhood. This change can be identified during the initial needs assessment.

### **Ensure plan identifies action steps to fight prior issues/barriers**

Acknowledging why the distressed neighborhood was the way it was before the disaster is the first step to identifying solutions. Identifying action steps to combat these issues, and barriers that existed before, is critical to the revitalization. A common issue of vacancy or blight is addressed later in this chapter and provides example strategies to tackle this problem.

### **Follow Up with Implementation and Monitoring**

The implementation of the plan is the “make or break” of the plan’s effectiveness. Without properly outlining implementation steps in the plan and identifying those responsible for the implementation, the plan can easily be shelved with strategies and ideas never being brought to fruition.<sup>59</sup> During the implementation, it’s important to hold previously identified implementers accountable and follow up with these parties frequently to ensure implementation occurs.<sup>60</sup>

### **Connect plan with broader citywide recovery plan and policies**

When possible, it is important to connect a revitalization plan to the broader citywide recovery plan and policies. Not doing so can induce consequences such as being overlooked by developers or other groups who are looking at the city plan alone and can create disinvestment of the neighborhood. The revitalization plan, however, should not just conform to the city/region plan, but should work to inform the plan. Being able to provide neighborhood level perspective, action items, and other decisions informs the plan and city on subject matter that may otherwise not have been discovered.

<sup>59</sup> Newberg, J. (n.d.). *Neighborhood Revitalization Planning and Implementation Tips and Strategies* [PowerPoint slides]. Retrieved from: <http://www.blueprintcommunities.com/wv/pdfs/newberg%20presentation.pdf>

<sup>60</sup> Maryland Department of Housing and Community Development (n.d.). *Neighborhood Revitalization Program Examples* [Webpage]. Retrieved from: <http://www.neighborhoodrevitalization.org/programs/Index.aspx>



## Revitalization Opportunity Areas

### Improving Infrastructure

Distressed neighborhoods pre-disaster often face issues with infrastructure, such as broken sidewalks, insufficient street lighting, or older water and sewage systems that can be causation for economic stagnation or decline. Without proper infrastructure, commercial activity cannot function to a degree of normalcy and may relocate within the community to an area with better infrastructure. This holds true post-disaster when infrastructure can be severely damaged. Using the disaster as a benefit, work with the city and identify funds or grants that can help in revitalization of the neighborhood and its infrastructure. Infrastructure is also important if a redevelopment vision has been completed that sees different use of an area, which may require different infrastructure. More details on infrastructure redevelopment opportunities are outlined in the Redevelopment chapter of this toolkit.

#### Initiatives and Strategies for Fighting Vacancy & Blight

- Identify and map blight to better understand the sprawl over time and use as a tool for advocacy. Beacon of Hope in New Orleans used volunteers and donated software to map all parcels in the neighborhoods (See [Beacon of Hope Profile in Case Study Appendix 8](#))
- Organize vacant property tours for developers and the public to raise awareness of available properties. (See NewBo [Case Study Appendix 7](#))
- Find creative uses of vacant spaces – urban farming, pop-up art installations, pop-up cinemas/ event venues, temporary parks.
- Partner with the city to create a vacancy program. Examples include Newark, NJ: Adopt-a-Lot and Pittsburgh, PA: Vacant to Vibrant program.
- Work with city for re-zoning or overlay to ease/speed new commercial activity.

### Streetscape and Facade Improvements

Along with infrastructure, the streetscape in a neighborhood and commercial area can speak loudly to an image of a neighborhood. Seizing the opportunity to rebuild post-disaster, funding for streetscape improvement (benches, street-lights, banners, planters, etc.) should be actively pursued. Infrastructure and streetscape improvements can be a critical impetus for reinvestment from developers in an area if completed in conjunction with a revitalization strategy.

Similar to the benefits of streetscape improvements, a facade improvement program can bring about a sign of recovery with improved faces of local commercial establishments. Working with local organizations and businesses to identify funding opportunities, connect volunteers, or address other barriers to improving the facade is a great means to start an improvement.

An example of a successful facade program is with the Czech Village and New Bohemia Main Street Organization. A local organization gave a \$50,000 donation to the organization for a matching facade program. This money was used to match what local businesses could pay to improve facades. This started with a few neighborhood businesses taking advantage of the program and word of mouth accelerated the number of



participants. The program was a great means to improve many of the historic facades that otherwise would be financially difficult for business owners to complete on their own.

Another example of facade improvements comes from New Zealand. A “Facade Squad” works in distressed neighborhoods to repaint vacant or other buildings in need of repair. Made up of local volunteers with donated materials, they are able to give a fresh look to buildings.

### Changing Zoning and Easing Permitting For Commercial Activity

As part of the recovery process, it is important to work with local businesses and the city to ease the permitting process for rebuilding, renovating, or creating new businesses. Post-disaster city staffs are often overwhelmed with duties, so a large influx of permit applications often creates a back up. In addition, current zoning in the neighborhood may be detrimental to development due to the delay in the permitting process. As seen the spotlight below, Feret Street residents saw this and identified a solution to speed redevelopment.

#### Case Study: Encouraging Business on Feret Street:

In post-Katrina New Orleans, Feret Street neighbors were looking for a means to revive the neighborhood. Like many areas post-disaster, they were dealing with a commercial street with little business activity. Local neighborhood leaders launched multiple efforts, including starting the Feret Street Market. More notably though, neighborhood leaders successfully encouraged the City Council to designate Feret street as an “arts and cultural overlay district,” welcoming nighttime establishments that meet certain standards, such as limited operating hours. This fueled a small-business resurgence with 20 new small businesses opening from 2008-2012. This city planning designation, put into effect in 2008, eases the permitting process for restaurants, entertainment venues, and galleries, bringing these businesses to the area at a faster pace than if they had not rezoned the neighborhood. The street is now seen as a “restaurant row” destination for the community and activity continues to flourish as businesses continue to redevelop and open on Feret Street.

Source: Waller, M. (November 27, 2012, updated June 19, 2014). Freret Street resurgence continues with new wave of businesses planning to launch. *The Times-Picayune*. Retrieved from: [http://www.nola.com/business/index.ssf/2012/11/freret\\_street\\_resurgence\\_conti.html](http://www.nola.com/business/index.ssf/2012/11/freret_street_resurgence_conti.html)

### Attracting Funding

Neighborhood revitalization post-disaster has additional opportunities for funding in that it can leverage its prior distressed status and the disaster impact for more resources. Establishing a sheet or flyers of resources can provide useful material to neighborhood commercial activity. Some strategies for funding opportunities include:

- Seek donations of not just monetary, but professional services from organizations and businesses in the community who were not affected by the disaster;



- Tap volunteer networks for not just labor, but also organizational work, such as updating social media pages;
- Seek donations from local foundations and organizations. See façade improvements section for example;
- Seek grants that apply to your neighborhood's circumstances, such as low-income, food deserts, or historic preservation grants/tax credits;
- Consider a Federal Neighborhood Revitalization Grant;<sup>61</sup>
- Work with the city to establish tax incentives. Examples include an "opportunity zone", "enterprise redevelopment zone", or a "revitalization overlay."

## Communication Strategies

With any post-disaster recovery situation, communications are important for recovery. Crisis communications are outlined in Chapter VII of this toolkit where many of the strategies can be applied for the post-disaster portion of recovery. The recommendations in this section are additions to the section and adaptation of how they apply to a distressed neighborhood revitalization effort. It is important post-disaster to communicate specifically with neighborhoods to:

- Combat misinformation by acknowledging false information and providing correct language or directing to the correct agency/office
- Having a trusted and visible platform to deliver this information is important. During Hurricane Sandy, the city of New York used its Twitter and Facebook accounts to dispel rumors and misinformation, saving some citizens from fraud and wasted time.
- Use neighborhood-level grassroots network to share information (group listservs, meetings, events)
- This can establish or build the reputation of your organization as an agent of information and partner in recovery by using established groups.
- Use multiple avenues of media (newspaper, television, flyers, newsletters, social media, websites)
- Tap informal networks in the neighborhood (e.g. posting meeting notices in a key neighborhood business) to reach those who may not be part of a formal network such as a neighborhood group.

### Recognition – Marketing the New and Improved Neighborhood

Part of revitalizing a neighborhood is building an identity for the neighborhood. Distressed neighborhoods tend to have an associated identity in the community, but celebrating recovery efforts can showcase development and spark interest to bring in additional businesses or residents. It's important to celebrate neighborhood achievements not just amongst neighborhood residents, but to use the media to raise community awareness of the development of the neighborhood. Examples of this can be seen in the spotlight of Goderich, Ontario, below.

- Host large neighborhood events at anniversaries (i.e. 1 year post-disaster)
- Host ongoing celebrations for re-openings, or new business/ ribbon cuttings

<sup>61</sup> Example: US Department of Housing. *Public and Indian Housing Choice Neighborhoods* [2012 Financial Statement Report]. Retrieved from: [http://portal.hud.gov/hudportal/documents/huddoc?id=Choice\\_Neighborhoods\\_2012.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=Choice_Neighborhoods_2012.pdf)



- Feed “feel-good” recovery stories locally, regionally, and nationally, even if not requested. These feel-good stories can include a business that has excelled post-disaster, new neighborhood assets such as parks or infrastructure, or a proposal for new development.

### Case Study: Goderich, Ontario – Marketing Recovery

In August of 2011, an F3 category tornado ripped through the town of Goderich, Ontario, severely damaging the city’s historic downtown. Through recovery efforts, 137 out of 158 businesses opened up again in their original location within a year. This is in part due to many efforts from the city, the citizens of Goderich, and the province of Ontario. This is important not only to the local economy, but to the thousands of tourists that visit the city every year.

Goderich claims to be “Canada’s prettiest town” and this is shown by the droves of tourists every year. To make sure Canada knew that Goderich was “open for business,” media campaigns were organized. Todd Letts, the Community Economic Revitalization Committee Executive Director, and Susan Armstrong with the Business Improvement Area, tackled two media campaigns. The first was a “Thank you Ontario” and a “Thank you Canada” campaign that told stories of the recovery while giving thanks for assistance. This went out to numerous media outlets and was seen by over 300,000 people. The city also invited one of Canada’s national morning shows to host a show in the historic town square, which displayed recovery efforts.

To not let these efforts go to waste, a second campaign leveraged the current efforts of outreach, and the Rediscover Goderich Campaign was launched. This campaign built an internet presence through [www.rediscovergoderich.com/](http://www.rediscovergoderich.com/) and social media sites such as Facebook. This focused on showcasing to people and businesses how resilient the city is and why they should rediscover the city for life or business. Both Todd and Susan stated that these campaigns were effective in feeding positive news stories to the media.

Post-disaster, much of the news, especially around the year after, can be negative. Feeding news outlets, even if they didn’t ask for them, positive stories of recovery can help shine a light on the city and raise awareness that the city is “open for business.”

Source: Letts, T. & Armstrong, S. (December 2012). Personal Communication.

### Social Media and Online Presence

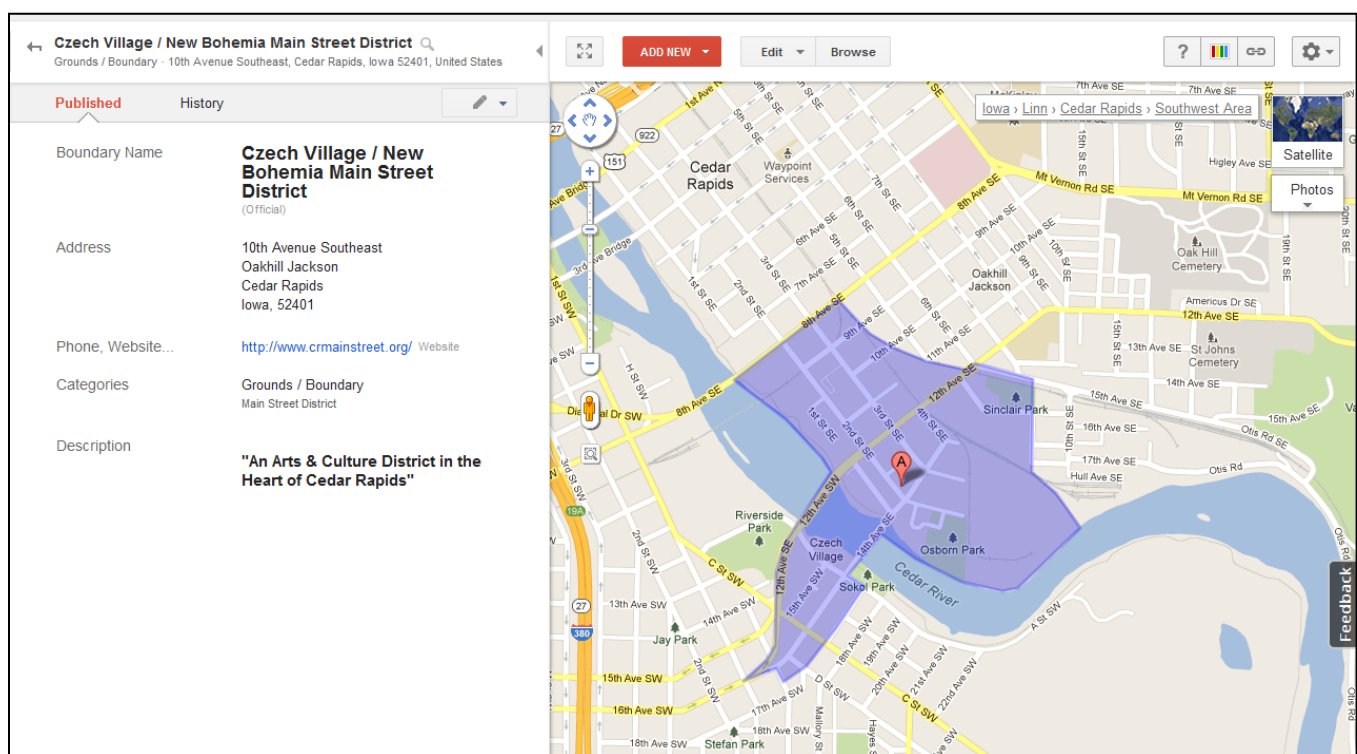
Communication has taken on an additional role in the age of technology with new avenues onto which information can be distributed. Using social media and websites post-disaster can provide a quick, real-time opportunity to deliver information that traditional communication doesn’t allow. This delivering of information builds your reputation and raises awareness of recovery efforts that may have otherwise been uninformed.

- Update information and provide useful links regularly to keep readers engaged





- If you do not have social media accounts, as you build your social presence you can:
  - Deliver information to partnerships to post to social media sites
  - Co-sponsor events with established partnerships and gain credibility via their social media presence.
- Build an online presence if non-existent. Easy interfaces allow simple site building and free hosting, such as with Google sites.
- Ensure your neighborhood is recognized by major map sources. For example, Google maps allow neighborhoods to appear on their maps. Visit [Google Map Maker](http://www.google.com/mapmaker) (<http://www.google.com/mapmaker>) to build and submit your neighborhood. As seen below, the area of the neighborhood was drawn and submitted to Google Maps. Now, when Google Maps users are looking at the map, the neighborhood is identified. This provides recognition and can help further market the neighborhood.



## Summary

Working to revitalize a neighborhood post-disaster takes a long-term strategy and requires at times creative thinking, collaboration, and communication. As many of the strategies outlined in this chapter exemplify, building support for revitalization is key for sustainable success of efforts. Without local buy-in, only resistance will be met along the path for revitalization. This is important to avoid post-disaster, as a distressed impacted neighborhood can become a bigger issue for surrounding neighborhoods and the community itself. Organizing efforts quickly post-disaster allows efforts to begin in a time frame that can bring commercial activity back and work to build an environment that encourages further business activity.



# Chapter XII: Economic Diversification after a Disaster

## Overview

Economic diversification has an array of benefits to a region. Academic research has shown that a diverse economy improves cross-industry spillovers (externalities), increases productivity, and reduces frictional unemployment.<sup>62,63</sup> Most importantly, economic diversity increases regional resiliency and stability.<sup>64</sup> A diverse region is more able to withstand shock, be it economic downturn or a natural disaster. This is known as a portfolio effect<sup>65</sup>—a natural disaster or recession will affect certain industries more than others,\* but in a diverse region, the affected industry will make up a smaller portion of the local economy. The risk, ultimately, is distributed more evenly.

Amidst the chaos, a post-disaster situation can present an opportunity for change. This chapter will cover economic diversification as both a recovery strategy and a tool for communities to increase their resiliency for future disasters. The first part of the chapter will discuss the steps for creating and planning for an economic diversification strategy. This includes assessing the region—what sectors currently exist and what sectors may be in latent stages that can expand and diversify? This stage involves examining the workforce, looking for partners, and identifying resources. The second part will delve into economic diversification strategies and how to implement them. These strategies include:

- Promoting entrepreneurship and small business within the community
- Improving and building upon the local workforce
- Encouraging regional clusters
- Increasing export activity

Economic diversification works best in a regional setting. Economies don't operate strictly based on local jurisdictional divisions. Similarly, natural disasters do not stay contained within a specific jurisdiction, so it is beneficial to proactively take a regional perspective from the beginning. Including and involving regional players

<sup>62</sup> Jacobs, J. (1969). *The economy of cities*. Random House; Audretsch, D. & Feldman, M., (2003). *Knowledge Spillovers and the Geography of Innovation*. Prepared for the Handbook of Urban and Regional Economics, Volume 4. Retrieved from: [http://spol.unica.it/didattica/paci/Economia%20applicata%20avanzata%20\(1mod\)/audretsch-feldman.pdf](http://spol.unica.it/didattica/paci/Economia%20applicata%20avanzata%20(1mod)/audretsch-feldman.pdf)

<sup>63</sup> Scott, A.J. (1988). *Metropolis: from the division of labour to urban form*. Berkeley: University of California Press.

<sup>64</sup> Xiao, Y., & Drucker, J. Forthcoming. Does economic diversity enhance regional disaster resilience? *Journal of the American Planning Association*.

<sup>65</sup> Brewer, A. (1985, February). Trade with fixed real wages and mobile capital, *Journal of International Economics*, 18(1-2); Malizia, E. E., & Ke, S. (1993). The Influence Of Economic Diversity On Unemployment And Stability. *Journal of Regional Science*; Frenken, K., et al. (2007). Related Variety, Unrelated Variety and Regional Economic Growth. *Regional Studies*, 41(5)

\* Hospitality and construction are less affected by disasters than luxury goods (some retail), for example.



before a disaster strikes will make it easier to create task forces and recovery programs when time is a crucial factor.

It is important to note that engaging in regionalism does not mean ignoring local realities and priorities. On the contrary, local needs may be better addressed under a regional approach as you expand your pool of resources. Similarly, in the wake of a disaster, diversifying is often a forced hand. By engaging regional partners and diversifying early, a community is much better prepared for a natural disaster or man-made hazard.

Depending on the stage of recovery and resources available for economic development, a community may explore options for a complete economic transformation, or in the face of limited resources might seek to work with existing systems to make incremental change in diversification. This chapter will provide guidance for communities at all stages on how to assess the regional economy, engage local partners, and choose and implement strategies for diversification.

## Balancing the Recovery and Resilience Strategies

When EDOs are examining their recovery objectives there are often two competing priorities: do we build back to prevent future loss or do we build back quickly to hasten the recovery? Ultimately, the extent, scope, and severity of the incident will dictate which objective should be favored. However, EDOs should be challenged to seek some balance between the two approaches. While there are some academic arguments which challenge the compatibility of employing diversification or cluster-based initiatives, in a post-disaster environment conditions could be right for pursuing both objectives in parallel. To help paint the picture for how this balancing act might work, included below are some baseline assumptions and hypothetical scenarios that explore this topic further.

### Assumptions

In considering these two different strategies, we have noted several underlying assumptions that form the basis for this approach:

1. Recovery-focused initiatives will seek to maximize the return on investment and minimize the time required to realize that investment.
  - a. Where the community sees a need to hasten the restoration (or creation) of jobs and business opportunity to replace those lost or displaced from the disaster.
  - b. Cluster-based initiatives are considered recovery-focused.
  - c. “Success” is often measured in terms of businesses establishments recovered and/or jobs created or saved.
2. Cluster-based initiatives focus on prioritizing and enabling the recovery, rebuilding, and expansion of existing concentration industries.
3. Resilience-focused initiatives will seek to minimize the potential future losses to the economic sector while not (necessarily) focusing on minimizing time required to realize the benefits. Instead, resilience-



focused initiatives will seek to maximize investment savings relative to the pre-disaster environment due to the opportunity presented by the rebuilding process.

- a. For example, it is far cheaper to construct a new building 14 feet above ground level then elevating an existing structure.
  - b. Diversification initiatives are considered resilience-focused
  - c. “Success” is often measured in terms of the proportion of industries relative to the total.
4. Diversification initiatives focus on expanding into related industries where there may be transferrable industrial or workforce assets already accessible in the community.

### Balancing Strategies Example

Consider a hypothetical community who has a relatively “monolithic” industrial base. They have a strong dependence on a single industry and a small handful of firms in that industry. They also have some sub-industries supporting the primary as service providers and part of their supply chain. This community also sustains a modest service industry (e.g. restaurants, gas stations, grocery stores), but residents need to leave the community to satisfy their demand for goods.

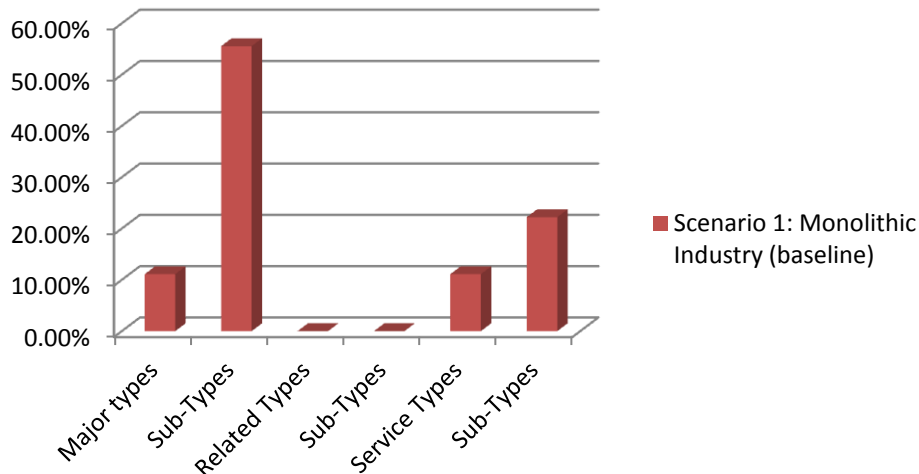
This example will explore the application of four scenarios; pre-disaster condition, diversification focused, cluster focused, and a blended approach.

#### Pre-Disaster Condition

| Industry Types | Scenario 1: Monolithic Industry (baseline) |
|----------------|--|
| Major types    | 11.11%                                     |
| Sub-Types      | 55.56%                                     |
| Related Types  | 0.00%                                      |
| Sub-Types      | 0.00%                                      |
| Service Types  | 11.11%                                     |
| Sub-Types      | 22.22%                                     |
|                | 100.0%                                     |



### Scenario 1: Pre-Disaster Condition



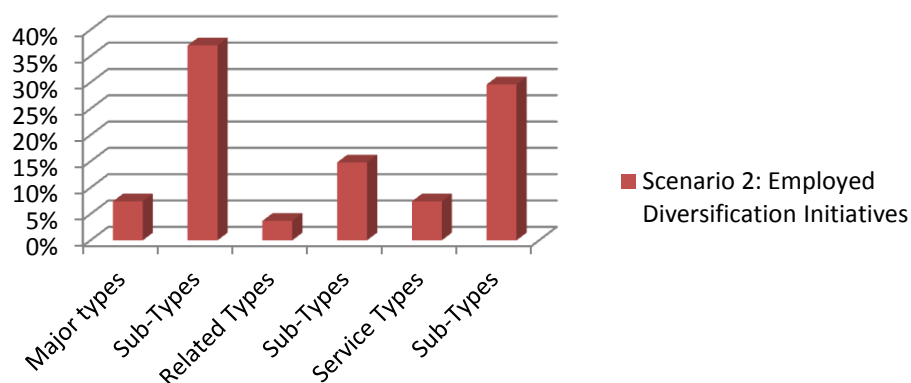
As the graph and table would suggest, this community predominantly has a single industry with some supporting service industries. For the purpose of the exercise, there are no additional industries.

#### Diversification Focused

| Industry Types | Scenario 2: Employed Diversification Initiatives |
|----------------|--|
| Major types    | 8.70%  |
| Sub-Types      | 43.48%   |
| Related Types  | 4.35%  |
| Sub-Types      | 17.39%   |
| Service Types  | 8.70%  |
| Sub-Types      | 17.39%   |
|                | 100%   |



## Scenario 2: Employed Diversification Initiatives



Here the community focused on employing diversification initiatives. In doing so, they sought to build the capacity to attract related types of industries to build on their existing industrial base. The increase in industry types also attracted more service sector firms.

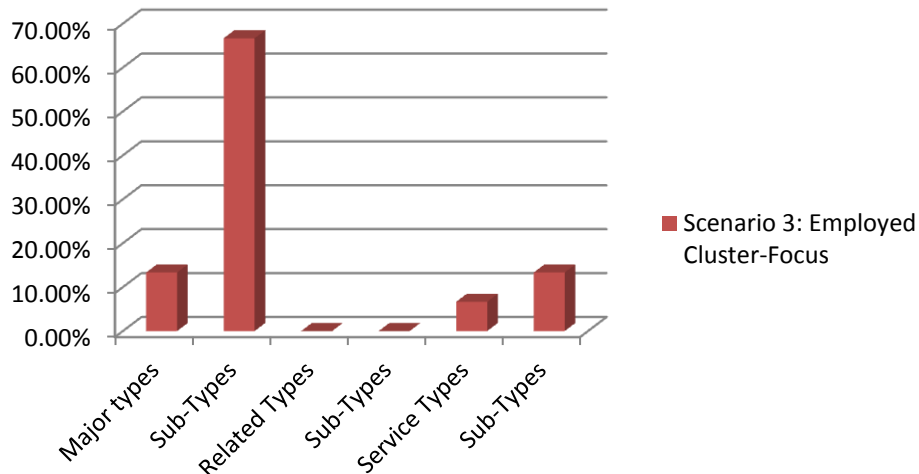
### Cluster Focused

| Industry Types | Scenario 3: Employed Cluster-Focus |
|----------------|------------------------------------|
| Major types    | 13.33%                             |
| Sub-Types      | 66.67%                             |
| Related Types  | 0.00%                              |
| Sub-Types      | 0.00%                              |
| Service Types  | 6.67%                              |
| Sub-Types      | 13.33%                             |
|                | 100%                               |





### Scenario 3: Employed Cluster-Focus



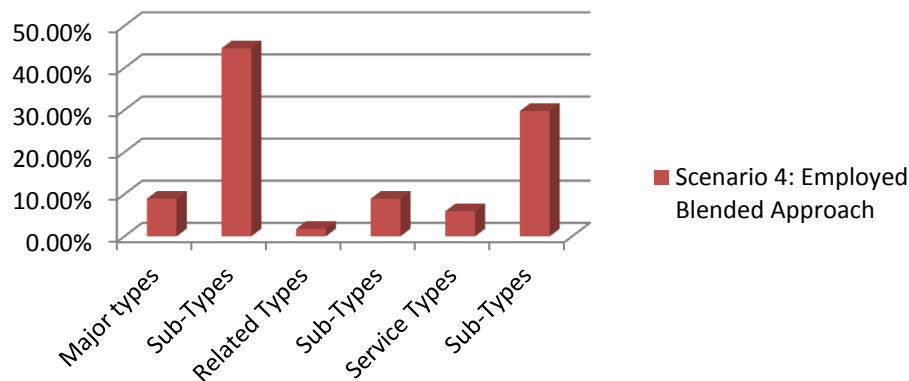
In Scenario 3 the community focused all of its energies into bolstering, supporting, and accelerating the recovery of their existing industry. This allowed for the expansion in demand for the number of establishments in the industry and the demand for sub-industries to support the supply chain. No efforts were made to attract other related industry types. Modest increase in demand for service sector firms occurred, but the lack of differentiation from the market previously served resulted in a more muted expansion.

### Blended Approach

| Industry Types | Scenario 4: Employed Blended Approach |
|----------------|---------------------------------------|
| Major types    | 8.93%                                 |
| Sub-Types      | 44.64%                                |
| Related Types  | 1.79%                                 |
| Sub-Types      | 8.93%                                 |
| Service Types  | 5.95%                                 |
| Sub-Types      | 29.76%                                |
|                | 100%                                  |



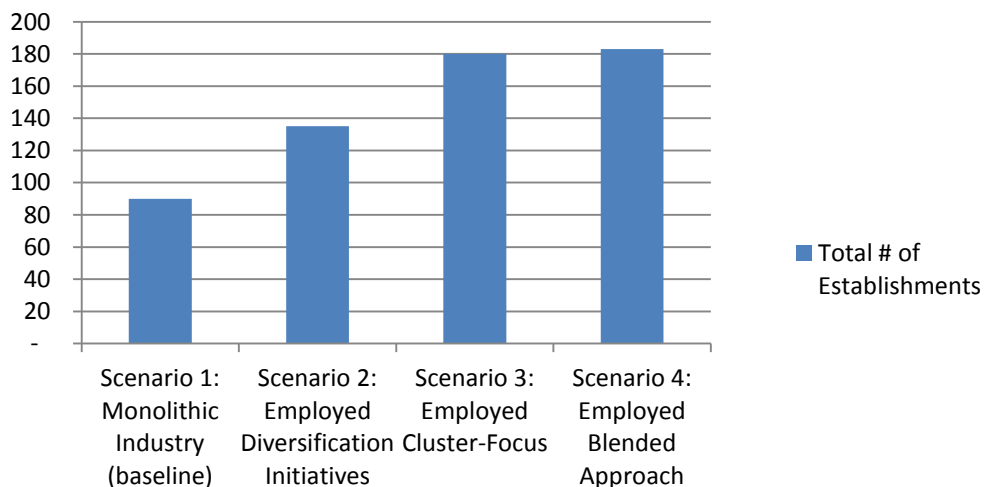
### Scenario 4: Employed Blended Approach



Scenario 4 attempts to compromise the diversification model and the cluster model. In this scenario, the community divided its investment evenly between diversification and cluster initiatives. The result was a modest increase in the existing industry and an increase in the related industries. More expansion of the services sector was made possible by the growth in the existing industry and addition of new market demand by the related industry.

### Recovery-Outcome Analysis

#### Total # of Establishments



The total number of establishments in each scenario can be used to evaluate the effectiveness of these scenarios for recovery. Where the objective in recovery is the rapid restoration of business and the resulting



jobs, the number of establishments (in this exercise) can serve as a reasonable proxy. As depicted in the figure above, the blended scenario and cluster scenario are comparable in terms of total establishments.

### Summary Analysis

While the analytic process may appear somewhat laborious to explore, it provides a useful exercise to consider the advantages and disadvantages of balancing recovery and resilience strategies. Captured in the charts for the individual scenarios was the depiction of the spread of the industry concentration. For these scenarios, a sole focus on diversification would likely create the most positive outcome of broadening the industrial base, making the community more resilient. However, in considering the benefit of potential business establishment and job creation/retention that the cluster approach can facilitate, the blended approach is likely the optimum choice.

While this example does not consider long-term cost savings from diversification initiatives, it does suggest that it is important for a community to find the balance between accelerating growth in existing clusters and diversification.

## Planning For Economic Diversification: Assessing the Region

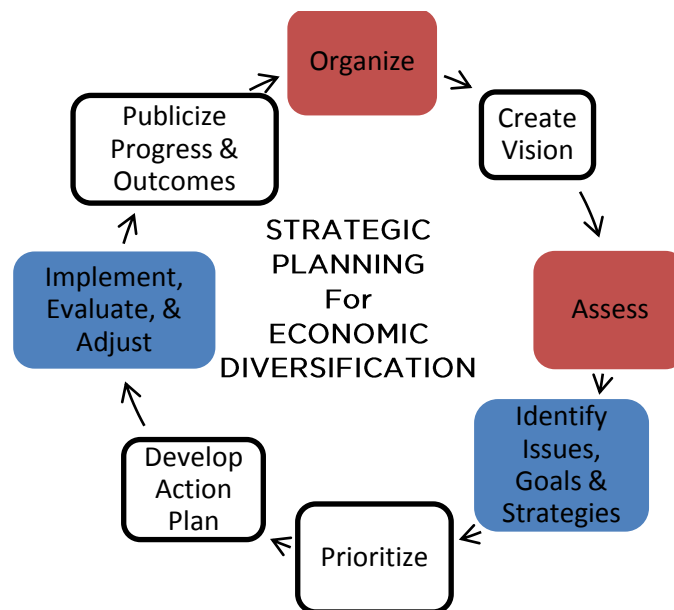
### Introduction to the Strategic Planning Process

Economic diversification is a deliberate process that requires strong partners with a shared vision, clear goals and objectives, and a well-crafted implementation plan. It also needs a host of competent partners that work together to make the vision and the plan a reality. The strategic planning process, discussed earlier in the toolkit, serves as the basis for organizing relevant information, developing a strategy and executing it.

Communities may differ on timing and the level of depth on their assessment. The strategic planning process is continuous, customizable, and dynamic so communities may pick-up and continue regardless of what stage they are in the process. Below is a quick snapshot of that process. The colored stages will be discussed in depth in this chapter as they pertain to economic diversification. The stages in red are important for the next part of this chapter—assessing and mapping the region—and the blue stages will be discussed later in the chapter when focusing on implementation.

### Organize and Assess: Partners, Existing Industry, and Workforce

As illustrated by the red-highlighted segments of the graphic, the strategic planning process is grounded in a thorough knowledge and assessment of the region. This assessment provides the foundation for a successful strategy through the evaluation of a region's strengths and untapped opportunities (please refer to the strategic planning chapter of the toolkit on how to conduct a SWOT analysis). For economic diversification, this means identifying potential partners for the planning and implementation process, and developing an inventory or "mapping" the region's leading industries and workforce assets.



Adapted from *Economic Development Strategic Planning (2011)*. International Economic Development Council, p. 14

### Organize: Identifying EDOs

Potential economic development partners and engagement opportunities may come from the local, regional, and state level. Partners can include the state, county, and city public agencies, public authorities, public-private partnerships, nonprofit organizations, urban planners, community development corporations, chambers of commerce, trade associations, business leaders, educational institutions, and others.

Possible partner EDOs for developing a diversification strategy include:<sup>66</sup>

- Economic development foundation, agency, or organization
- City or regional planning agency
- Chamber of commerce (local and state)
- Main Street organization
- Convention and tourism organizations
- Better Business Bureau
- Special improvement districts
- Business improvement districts
- County economic development authorities or commissioners
- Regional economic development councils or partnerships
- Council of Governments (COG)
- Government: city, county, and state
- Government advisory boards
- Convention center
- Community action agency
- Economic development districts
- Tribal organizations
- United Way

<sup>66</sup> Adapted from *Managing Economic Development Organizations (2011)* [Manual]. International Economic Development Council. Washington DC, pp. 110-112.



### Educational/Workforce Institutions

- Departments of public schools, technical schools, and higher education
- Primary education: public and private schools
- Higher education: universities (private and public, community colleges, vocational training centers, and career technology centers)
- Private training facilities
- Workforce investment boards
- One-stop shops
- Certified business incubators
- Libraries: local, regional, and/or state facilities

### Local Businesses/Associations

- Retail and business establishments
- Industrial establishments
- Building centers
- News sources
- Civic clubs
- Professional associations
- Board of realtors, other real estate professionals
- Manufacturing alliances or associations
- Health care providers: hospitals and clinics

### State Agencies and Organizations

- Department of Transportation
- Department of Revenue
- Department of Labor and Employment
- Department of Local Affairs
- Office of Economic Development and International Trade

### Infrastructure and Utility Organizations

- Utility providers (electric, natural gas, water, sewer, waste management)
- Railroad
- Cable and IT communications
- Major telephone providers
- Regional airport

### Financial Institutions

- Banks
- Credit unions
- Community development corporations
- Organizations with a revolving loan fund
- Angel investors

## Assess: Examining Existing Industries

A diversification strategy rests on the culmination of many small steps. Rather than simply relying on attracting businesses in an underrepresented sector, a successful diversification strategy facilitates the process by working with existing businesses and figuring out what they need for expansion—start with one business and build. Look for opportunities for expansion and alignment with these businesses (for example, overlap with emerging technologies, missing supply chain links, new export markets, etc.). In the planning stage, identify:



**Large employers:** Determine who the largest employers are with regard to metrics such as the number of employees and revenue. Meet with the region's largest employers to learn more about their relevant successes, challenges, and any anticipated changes, such as planned relocation or downsizing.

**Current and future employment trends:** Use employment data and interviews with local businesses to analyze current employment by sector, determine the unemployment rate, and identify industries that are growing or declining.

**Supply chains and key markets for local industry:** This information may clarify existing gaps (and opportunities for expansion) in industry supply chains as well as which companies are already exporting or those that are considering expanding to new markets.

Several analyses can be used to identify economic concentrations and specializations – location quotient, shift-share analysis, and input-output modeling are the most commonly utilized.<sup>67</sup> These analyses help determine the relative importance of a specific industry to a local and regional economy. They are useful for identifying existing and emerging industry clusters, which will be discussed later.

### Assess: Evaluating the Workforce

Aligning a region's economic diversification goals with workforce development creates a more comprehensive strategy. Workforce development can foster small business growth and strengthen cluster development—both of which are strategies for diversification. The second piece of the assessment, therefore, is evaluating the region's labor force. Identify:

- Existing workforce talents by industry and skill set: Develop an understanding of the regional workforce's strengths as well as areas of improvement.
- Local and regional training opportunities and providers: Seek out large or prominent programs and capacity of those programs to train workers. Look for potential areas of alignment between skill gaps and these programs. Include community colleges, universities, technical colleges, etc.

This information can be obtained from the Bureau of Labor Statistics and through conversations with workforce groups (such as the Workforce Investment Board) and anchor institutions (such as a university or community college).

### Cluster Analysis

Cluster-based economic development has become widely deployed by economic developers in recent years. Examples of existing clusters are aerospace industry in the Seattle region and the automotive industry in the Midwest. Emerging clusters, however, are more difficult to identify. To measure clusters:<sup>68</sup>

- **Inventory the region's assets:** determine the natural fitness for certain kinds of industries (for example, research specialties of a university or college, uniquely skilled workforce, presence of a certain resource, etc.). Look into industries that are starting to export—these may indicate an emerging cluster.

<sup>67</sup> *Strategic Planning Manual* (2011). International Economic Development Council. Washington, DC.

<sup>68</sup> *Strategic Planning Manual* (2011). International Economic Development Council. Washington, DC.





- **Evaluate the economic base:** Location quotient, shift-share, input-output or a combination of these techniques. Identify exporting (basic) industrial sectors.
- **Engage the research community:** Working with area research institutes and higher education (including satellite campuses) can provide a fertile ground for identifying commercialization opportunities.
- **Map groupings:** Once specialized exporting industries have been identified, group them together with their suppliers, intermediate goods and services, and raw materials related to their value chain.
- **Gather firm input:** Interview firms. Ask:
  - Who are your major suppliers and buyers by industry?
  - What percentage (approximate) of your production needs come from within the region?
  - What percentage of your customers are located in the region?
  - Why has your company located in this particular area?
  - What are critical resources that support your business?
  - How have your firm's sales been in the past three years?
  - Does your firm plan to hire additional workers in the next three years?
  - Do you engage in any joint ventures with nearby firms?
  - How much do you spend on R&D?
  - How many patents has your firm generated?
  - What kind of relationships do you have with local colleges and universities?
- **Analyze the competition:** clusters exist due to competitive advantage. Understand how the region compares to peer regions by calculating their LQs. Also do LQ calculations for each industry through time to see how the strength may be changing.

A cluster analysis may require a combination of the analyses used in the industry assessment. The EDA also has sponsored the development of some tools to provide cluster-specific analysis tools. These are especially targeted towards rural areas that can't use the MSA data given by most federal websites. They are:<sup>69</sup>

1. [U.S. Cluster Mapping](#) – A web-based resource for analyzing clusters geographically; this came from an EDA partnership with a consortium led by the Purdue Center for Regional Redevelopment and the Indiana Business Research Center.
2. <http://www.statsamerica.org/innovation> – A tool to analyze innovation, clusters, and investment decisions; this was also sponsored by the U.S. EDA and produced and maintained by the Indiana Business Research Center at Indiana University.

<sup>69</sup> *Introduction to Economic Development* (2011). [Manual]. International Economic Development Council. Washington, DC.



### Case Study: Post-Disaster Redevelopment Planning in Polk County, FL

As part of a comprehensive post-disaster redevelopment plan for Polk County, Florida, an economic analysis was conducted to determine the vulnerabilities in the community and accordingly plan for disaster recovery. Both physical damage and economic losses due to business disruption were evaluated. The analysis started with an examination of the major employers in the community and their current employment levels. An industry cluster analysis highlighted seven industrial sectors that should be targeted based on strong growth trends within the county and the surrounding region. The cluster analysis also compared growth trends to industry wages and determined that most of the top ten industrial clusters in the county had high employment concentration ratios (near or above national averages) as well as rapid employment growth in the recent past.

The analysis also looked for economic sectors that were particularly vulnerable to disasters and focused on the specific challenges that would make the redevelopment and recovery of each industry/cluster difficult. It analyzed factors that are often beyond the control of economic development stakeholders but still have a profound impact on the economic vitality of the community, such as educational attainment, transportation, etc.

An additional analysis that examined Polk County within the broader Central Florida region was conducted in order to understand the interdependencies between the industries/clusters in Polk County and the surrounding counties.

*More on Polk County can be found in [Case Study Appendix 2](#).*

## Take Action: Use Assessment to Develop Strategy

Successful economic diversification strategies are founded on principles of sound economic development planning and robust implementation. This section discusses the following strategies and tactics in detail along with examples of successful implementation in a community. Elements from multiple strategies may be necessary to develop a well-rounded economic diversification plan, rather than relying heavily on a single aspect.

- Align economic development resources and programs
- Encourage entrepreneurship and support small business development
- Workforce development
- Establish or enhance regional clusters
- Increase export activity



## The Role of the EDO

The role of EDOs varies within the different strategies. EDOs are often thought of as facilitators and conduits for resources already available within the community. For some strategies, however, the EDO has the internal capacity to be a service provider. For example, when connecting small businesses and entrepreneurs to capital, some EDOs may have the ability to establish a revolving loan fund. Typically, however, EDOs have the most success with providing services already within the expertise and competency of the staff. This includes providing market research, providing guidance for business plans, etc. When deciding what services to provide, consider what is within the organization's capacity to provide and what resources are already established and available in the community.

## Forming a Public-Private Partnership for Economic Diversification

Some communities may find it advantageous to create a public-private partnership (PPP) after a disaster to facilitate economic diversification. A PPP can lead or assist with the planning and implementation of a diversification strategy.

A PPP may be established as a nonprofit corporation, public benefit corporation, or authority, and receive funding and expertise from the private and public sectors. PPPs often act like for-profit institutions, but with a board of representatives from the public and private sectors, some of whom are politically appointed. Board members can include members from the partner organizations listed previously.

There are several benefits of a PPP when compared to a purely public EDO. A PPP is typically more financially and strategically flexible. A carefully constructed PPP can be a great asset to economic diversification. Characteristics of a successful public-private partnership include:<sup>70</sup>

- A clearly defined mission that addresses the concerns of both the private and public sectors
- Consensus among members regarding how to implement the mission
- The commitment of both the public and private sector reflected by an adequate level of funding to achieve goals
- A validation system designed to establish and monitor performance, determine change-of-course program modifications, and justify continued support and funding

As mentioned previously, public-private organizations minimize many of the problems, and retain many of the advantages, of organizations in both sectors. Some examples of these advantages are listed below:<sup>71</sup>

- The goals and direction of the PPP reflect a consensus of the local government(s) and the business community, thus ensuring broader support for programs and initiatives.
- PPPs have a greater degree of freedom in hiring, firing, and setting salaries than public agencies. In addition, an unpaid board directing a public-private organization has little to lose from making bold decisions since their salaries are drawn from other sources.

<sup>70</sup> *Managing Economic Development Organizations* (2011) [Manual]. International Economic Development Council. Washington, DC.

<sup>71</sup> Ibid.



- PPPs can use public resources and powers and often are not constrained by as many limitations or processes required of public agencies (e.g., a public process, citizen review, and civil service restrictions).
- Public/private organizations are free to expand their activities beyond that of local government(s) since they are not restrained by a city charter or county legislation.
- Public-private agencies can take on the straw man role, proposing the project, sampling public reaction, and allowing the local government to either support or oppose it.
- A PPP may be able to draw on a broader range of expertise than the public or private sectors would normally afford or traditionally use. Working together builds upon and creates new skills and understanding.

In addition, there are a variety of financial advantages to organizing as a public-private partnership:

- Public-private organizations can mobilize both public and private resources and are financially flexible.
- Public-private organizations can invest in a private business venture using their own funds, whereas public organizations will normally have to demonstrate a clear public purpose.
- The local government debt ceiling may not be affected by a public-private organization's borrowing since they are independent from the city. (However, note that local government financing is often required for major projects, such as infrastructure.)
- Public-private organizations are able to accept donations due to their tax-exempt status, thereby offering advantages to contributors benefiting from tax deduction advantage.
- A public-private organization can insulate governance from financial risk and liabilities through incorporation laws.
- Lastly, a public-private organization may eventually be financially self-supporting through management and service fees, and/or membership dues, thus eliminating the need for continued local government contributions.

PPPs also facilitate communication between different service providers in the region. This is an important attribute for the next section.



### Case Study: Diversifying the Economic Base Following the Northridge Earthquake in San Fernando Valley

The San Fernando Valley's regional approach to recovery and diversification after the 1994 Northridge Earthquake began with the establishment of a public-private partnership. The resulting Valley Economic Alliance (VEA) was formed in 1996 as a 501(c)3 not-for-profit economic development and marketing organization. The partnership's four cities—Burbank, Calabasas, Glendale, and San Fernando—previously competed with each other. However, VEA leaders continually emphasized the need for a true regional economic alliance, eventually winning the full support of these cities and formally adding them to the group in 1997.

The establishment of the VEA allowed for improved workforce development and business assistance based on cooperation between the private and public sectors. To improve the workforce, the VEA established a Business Education Partnership with the Los Angeles Unified School District, vocational training programs, community colleges, California State University-Northridge, and other schools to help align curriculum with business needs. In turn, businesses expanded their internship and mentoring programs. The VEA also created business retention teams to work with at-risk companies after the disaster and encouraged major employers to stay in the Valley. These teams also worked to attract businesses by working together with the San Fernando Valley Conference and Visitors Bureau (a member of the VEA) to develop promotional marketing materials for target industries.

The full case study on the diversification of the San Fernando Valley can be found in [Case Study Appendix 9](#).

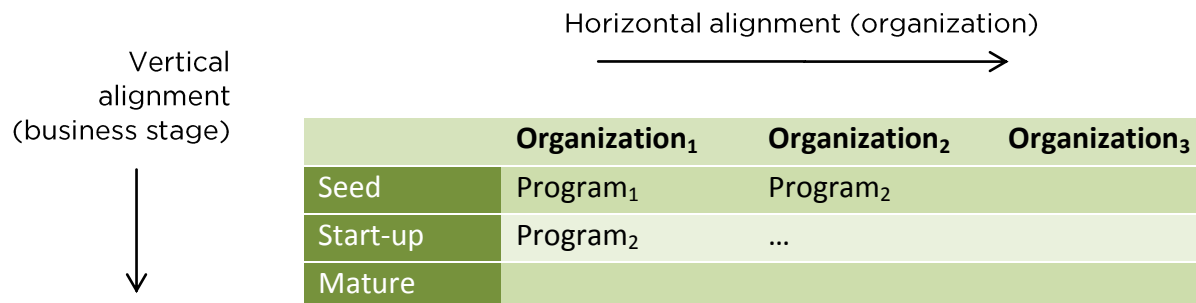
### Strategy: Align Economic Development Resources and Programs

It is valuable to have a database of existing economic development programs in order to determine the most effective role for the EDO to take on, but it also creates efficiency and effective management of resources when implementing a diversification strategy. Programs and resources should be aligned both horizontally and vertically.

- Horizontal alignment: create a full spectrum of resources and services across different organizations. For example, if the local chamber offers networking and training, the EDO could focus on financing or providing marketing information. Seek out existing resources from other organizations and find a complementary, comprehensive strategy in how the programs can be administered.
- Vertical alignment: make sure that businesses are supported at all stages of growth and development. For example, fledgling businesses have access to permitting and business plan assistance and mature small businesses have access to angel or venture capital.



Together, this should form a matrix of programs available within the community that is irrespective of business stage and type:



### Case Study: St. Louis, MS

St. Louis County, Missouri, received a grant from EDA to create a regional economic adjustment strategy in 2011. One of the plan's recommendations was to catalog all of the existing entrepreneurship programs within the region and create a central source for entrepreneurs to have access to this information. St. Louis County Economic Council created an entrepreneurship asset map and a portal for entrepreneurs to ensure there are no programs that are overlapping or competing with one another within the region.

The result can be found here: <http://www.acceleratestlouis.org/>

*More information on the diversification of St. Louis can be found in [Case Study Appendix 10](#).*

### Strategy: Encourage Entrepreneurship and Support Small Businesses

Small businesses are an important asset to the local economy. Encouraging small businesses and entrepreneurship is a way to diversify by growing the local and regional economy from within.

Although each small business employs a few people, as a class they represent a large share of employment and a majority of new net jobs. Small firms are flexible and innovative as compared to larger firms: According to the SBA, "Of high patenting firms (15 or more in a four-year period), small businesses produced 16 times more patents per employee than large patenting firms."<sup>72</sup> Since small businesses and entrepreneurs are locally based, money that is spent at a local business stays and recirculates in the regional economy at a higher rate. Locally owned businesses tend to generate two to three times the amount of local economic activity than national chains.<sup>73</sup>

<sup>72</sup> SBA Office of Advocacy (September 3, 2012). *Frequently Asked Questions*[Resource]. Retrieved from: [http://www.sba.gov/sites/default/files/FAQ\\_Sept\\_2012.pdf](http://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf)

<sup>73</sup> Urban Conservancy and Civic Economics (September 2009). *Thinking Outside the Box*. Retrieved from: <https://bealocalist.org/thinking-outside-box-report-independent-merchants-and-local-economy-profile>





There are several ways to assist small businesses and entrepreneurs after a disaster, including but not limited to:

- Business counseling and loan application assistance
- Establishing a business recovery center
- Creating local financial programs such as a bridge loan program or revolving loan fund
- Encouraging local spending in small business through a “buy local” marketing campaign

After a disaster, some of these services can be extended beyond the short-term recovery phase to promote small business and entrepreneurship as a long-term recovery and diversification strategy. Jefferson Parish received CDBG funds from the state of Louisiana to assist in their recovery after Hurricane Katrina. The Jefferson Parish Economic Development Corporation used these funds to create a revolving loan fund to assist small businesses. Even though Hurricane Katrina occurred in 2005, as of 2012 Jefferson Parish continues to use the revolving loan funds to assist new and emerging entrepreneurs and small businesses in the region.

Longer-term strategies for supporting small businesses and entrepreneurs include:

- **Provide space for new businesses to grow in a supportive environment, such as a business incubator.** Incubators created with the goal of economic diversification may want to consider housing emerging manufacturing or service firms due to their job-creation potential.
- **Connect the research and development efforts of regional industries and universities with entrepreneurs and small business support services.** Research and development activities at universities provide numerous opportunities for businesses to be spun off. It helps generate additional local economic activity and may even help retain talented workers in the area. This strategy can be combined with an incubator strategy—tech industry incubators are often supported by universities. Often, communities will create policies for small business support that target high-technology clusters of small business. Additionally, tech transfer offices at universities can help university researchers that are looking to commercialize their products connect with small businesses.
- **Provide supportive networks and structures for small businesses.** Examples of this include economic gardening, networking and educational events, and counseling for all stages of business growth.
- Continue to develop and encourage “buy local” campaigns.
- **Connect small businesses and entrepreneurs to financing.** EDOs don’t necessarily need to provide the financing themselves. Rather, they should be able to connect small businesses and entrepreneurs to existing resources in the community.



### Case Study: St. Louis, MS

St. Louis was struck by multiple economic and natural disasters throughout the 1990s and 2000s. In response to defense cutbacks, floods, and major plant closures, St. Louis began to diversify its economy as a resiliency and recovery strategy. St. Louis County has built several incubators and four enterprise centers to encourage small business, including the Center for Emerging Technologies located near and funded by the University of Missouri.

In 2010, the St. Louis County Economic Council and the Donald Danforth Plant Science Center received a \$4.6 million grant from EDA to target and expand the plant and life science industries. This money went towards an incubator called the Helix center, which supports entrepreneurs in early stage plant and life science companies. The incubator includes wet lab spaces and its own seed capital fund to assist in the commercialization of technologies.

*More detail on St. Louis' incubators and their role in the diversification strategy can be found in the [Case Study Appendix 10](#).*

### Strategy: Workforce Development

Workforce development efforts aim to improve the quality and skills of the workforce, help businesses meet their human resource demands, and provide channels for businesses and workers to connect. This ongoing process should be part of a continuous feedback loop between economic developers, workforce development professionals, major employers, local educational institutions, and other relevant stakeholders. Workforce development includes education as well as job training, and involves basic skills such as literacy and math, hard skills such as welding and IT certification, and soft skills such as work ethic and attitude. As part of an economic diversification effort, workforce development is an opportunity for economic developers to better align or enhance existing connections between the needs of employers, existing workforce skills and knowledge, and educational programs.

A workforce development strategy should be developed with a consideration of workforce, industry, and market realities. Once an assessment of the existing workforce has been completed, economic developers can then ask:

- What knowledge and competencies (existing or needed) are applicable across different industries?
- What knowledge and competencies (existing or needed) are transferable across segments of the workforce?
- What are the institutions best suited to promote and instill new types of knowledge or produce patents?
- How can we measure and validate the existence or growth of a new cluster in our region?

In Akron, Ohio, economic developers focused on workforce development when the community faced the prospect of losing thousands of jobs with the decline of the rubber industry. With a desire to keep the local workforce in the community, economic developers worked with employers and local universities' polymer science and polymer engineering programs to transition workforce skills from rubber to polymers. As a result,



Akron was able to minimize job losses, and create new jobs for the local economy. Akron is currently home to world-class facilities for polymer research, testing and training.

Workforce development efforts should be collaborative and include representatives from the economic development, business, education, and workforce sectors. This effort should be organized and utilize the unique perspective of the different sector representatives. Possible workforce development objectives for this type of group include:<sup>74</sup>

- Encouraging business participation in the workforce system: Business executives have knowledge about their specific industries and the direction in which these industries are moving, and they can provide valuable insight on the skills and training necessary for new jobs.
- Creating public-private partnerships between firms, labor unions, and government agencies to expand skilled workforce
- Reorganizing economic development and workforce development to achieve better alignment
- Partnering with educational institutions and businesses to link educational programs with industry needs.

Aligning workforce and economic development initiatives with colleges and local training centers will help to train existing and upcoming workers in target fields. This will help to make diversification efforts more effective, especially if communities are looking to expand into new industries or technologies. Benefits of working with universities, community colleges, and training centers include:<sup>75</sup>

- Community colleges and other institutions of higher education
  - Adapt education offerings to current economic conditions
  - Tailor programs to local industry needs and labor shortages
  - Work with private-sector partners to define needs
  - Provide professional instruction, training facilities and advanced technologies
  - Serve as the region's most valuable information source
- Establishing training centers
  - Act as outside consultant to develop training programs and curricula
  - Verify industry needs and labor shortages
  - Nonprofit training centers will partner with businesses to increase available services

Conducting a cluster analysis in conjunction with a workforce development strategy can be beneficial to diversification efforts. A cluster analysis will help economic and workforce development practitioners identify the skill sets that are required or need to be upgraded by the business community.<sup>76</sup> This is discussed in more detail below.

<sup>74</sup> *Workforce Development Manual* (2011). International Economic Development Council. Washington, DC.

<sup>75</sup> Ibid.

<sup>76</sup> Sheely, S. (2005, October). *Regional Industry-Driven Centers of Excellence as a Vehicle for Investment in Innovation*. [PowerPoint Presentation]. Lancaster County Workforce Investment Board. Lancaster, PA



## Strategy: Establish or Enhance Regional Clusters

In general, cluster development is a strategy that builds on concentrations of competing and complementary firms within industrial sectors. As mentioned earlier, efforts in cluster development should be based in data and analysis—clusters cannot be created artificially out of nothing.

In order to diversify, a community can both expand upon its existing industry clusters and anticipate and facilitate the emergence of new clusters to add new industries to the region. Regional clusters foster innovation and knowledge sharing through externalities, linkages, and spillovers. These externalities include technology transfer, access to specialized human resources and suppliers, pressure for higher performance (production and efficiency) due to proximity between firms, and the development of pools of employees with specialized expertise.<sup>77</sup> Clusters can be linked vertically through buyers and suppliers and horizontally through businesses that compete in the same market or share resources (such as technology, raw materials or workforce). More specifically, clusters can be built around the support services of:<sup>78,79</sup>

- complementary industry segments and interconnected companies
- supplier chains and specialized suppliers
- venture capital availability and entrepreneurial capability
- masses of talent, technology, and capital
- research facilities and specialized infrastructure

## Strengthen clusters from existing alignments and areas of under-capacity

Engage existing and partially-developed clusters to identify their needs and seek out solutions to address them (e.g. workforce training, marketing, etc.). One method of doing this is to create a business satisfaction survey for businesses within a targeted cluster. Structure questions around local amenities and their importance to business success. How do the businesses rate the current amenities? This information can be used to address specific business needs and increase the region's competitiveness. Portland's cluster organization framework is a culmination of best practices for the planning and implementation process needed for developing clusters from existing or emerging alignments.<sup>80</sup> Once the analyses and planning stages have been completed, a community can decide what interventions need to be made. For complete details, please visit their website: <http://www.pdxeconomicdevelopment.com/industries.html>

## Facilitate start-ups of related businesses

To strengthen emerging clusters, create an environment that supports spin-offs and supports small businesses and entrepreneurs. The athletic and outdoor (AandO) apparel cluster in Portland, Oregon is a good example of encouraging cluster-related start-ups. Anchored by large, established firms such as Nike, Adidas, and Columbia

<sup>77</sup> Porter, M. (2007, November). *Clusters and Economic Policy: Aligning Public Policy with the New Economics of Competition* [Policy White Paper]. Harvard Business School, pp. 2-3.

<sup>78</sup> Plosila, W.H. (2004). State science- and technology-based economic development policy: History, trends and developments, and future directions. *Economic Development Quarterly*, pp. 18.

<sup>79</sup> Porter, M. E. (1998). Clusters and the New Economics of Competition. *Harvard Business Review*, November-December, pp. 77-90.

<sup>80</sup> Portland Economic Development Strategy Overview. (n.d.). *Portland Economic Development Strategy*. Retrieved from: <http://www.pdxeconomicdevelopment.com/industries.html>



Sportswear, the AandO cluster has encouraged entrepreneurship in the region. As the large anchors grew, employees established spin off businesses, and entrepreneurs opened hundreds of smaller firms that offer services to larger employers.<sup>81</sup> Similar to an entrepreneurship strategy, make sure there are resources such as financing and counseling programs to facilitate the emerging start-ups.

### Utilize Anchor Institutions

Technology clusters are often targeted as part of a larger technology-based economic development strategy. Technology clusters benefit from support firms such as technicians, consultants and lawyers and a financial network of financial institutions and venture capitalists. A university or core institution can support a technology cluster through research and workforce training. They also provide specific infrastructure. Ponca City, Oklahoma built a cluster around a technology lab after the departure of their major employer, Conoco Oil Company. Ponca City had discovered a potential niche in sensor technology through a study done by Oklahoma State University and the Ponca City Development Authority. The city, university, development authority and ConocoPhillips partnered to develop a national sensor testing and evaluation center that would allow military, commercial, and university researchers to work on sensor technology in a single location—the University Multispectral Lab (UML). The lab has attracted more businesses in the technology and professional services industry. Companies work with the UML to develop propriety products or utilize the lab space and other infrastructure for research.<sup>82</sup>

### Create cluster-based workforce training improvements

Workforce training strengthens cluster development by relating the incumbent workforce to the value chain. Cluster analysis will shed light on the skill sets that are needed or need to be upgraded. Question<sup>83</sup>:

What knowledge and competencies are applicable across different industries?

What knowledge and competencies are transferable across segments of the workforce?

What are the institutions best suited to promote and instill new types of knowledge or produce patents?

How can we measure and validate the existence or growth of a new cluster in our region?

Work with workforce development organizations, universities, and training centers to update workforce skills needed for new industries. Once a desired cluster is targeted, the skills and competitiveness of the incumbent workforce will be important in attracting the related competing and complementary industries in the cluster.

### Strategy: Increase Export Activity

The final economic diversification strategy discussed in this chapter is to increase export activity within the region. Increasing export activity increases a region's resiliency to economic downturn. If a region is struck by

<sup>81</sup> Muro, M. (2010, November 29). *This is What a Cluster Looks Like*. Brookings Institute. Retrieved from: <http://www.brookings.edu/blogs/the-avenue/posts/2010/11/29-clusters-muro>

<sup>82</sup> RestoreYourEconomy.org (n.d.) Economic Diversification into Knowledge-based Industries in Ponca City, Oklahoma[Case Study]. Retrieved from: <http://restoreyoureconomy.org/diversifying-into-knowledge-based-industries-in-ponca-city-oklahoma-after-the-departure-of-conoco-phillips-case-study/>

<sup>83</sup> *Workforce Development Manual* (2011). International Economic Development Council. Washington, DC.



disaster and experiences a demand shift, exporting industries are less likely to be affected since their customer base is more diverse. An export strategy is two-pronged. It should:

Help companies that are already exporting reach new markets (if appropriate)

Help companies looking to export enter the export market

The first step is to create a regional export plan. The regional assessment should include the role of exports in the overall economy and top exporting industries. Then determine what foreign markets should be targeted and reach out to them. It may also be useful to begin including export metrics when determining overall indicators of economic performance.

### Utilize the State Trade and Export Program

There are a few key federal funding sources for the promotion of exports. The Small Business Administration (SBA) has the State Trade and Export Promotion (STEP) program, which was an initiative of the Jobs Act of 2010. Michigan's STEP program, funded by the SBA, is managed by the Michigan Economic Development Corporation and connects businesses to export opportunities. Michigan has established offices in Canada, Brazil, and China. Small and medium enterprises looking to export or expand their exporting can receive reimbursements for 50 percent of their costs up to \$12,000<sup>84</sup>. Michigan has used these funds to successfully connect exporters to foreign markets through business counseling and funding. Funded activities from the STEP program include:

- Overseas trade mission participation
- International or domestic trade show participation (such as hotel costs)
- Foreign market sales trips
- U.S. Department of Commerce services (such as counseling, match-making, or Gold key)
- Website and/or marketing material translation services
- Agent, distributor and/or customer searches
- Foreign market research<sup>85,86</sup>

Additional information can be found at <http://www.sba.gov/step-grants/by-state/CO>.

### Align with other initiatives

States have benefitted from aligning exports with other economic development initiatives. For example, in order to receive STEP program funding in Oregon, candidates must fit within Oregon's targeted industry categories (specifically the state's priority business clusters). Universities can also be a key resource in export initiatives. In addition to aligning export initiatives with cluster development, consider aligning exporting with workforce development. Faculty and students at Michigan State University, through the Michigan Export Growth Program, assist businesses in their export goals<sup>87</sup>. Projects have included:

- "exploring markets for paint exports in Turkey

<sup>84</sup> Pure Michigan (n.d.). Export Assistance [Webpage]. Retrieved from: <http://www.michiganbusiness.org/grow/export-assistance/>

<sup>85</sup> The U.S. Small Business Administration (n.d.). *Office of International Trade Resources* [Fact Sheet]. Retrieved from: <http://www.sba.gov/content/state-trade-and-export-promotion-step-fact-sheet>

<sup>86</sup> Business Oregon (n.d.). *International Export Assistance* [Webpage]. Retrieved from: <http://www.oregon4biz.com/Grow-Your-Business/Export-assistance/>

<sup>87</sup> Michigan State University (n.d.) Michigan Export Growth Program. Retrieved from: <http://global.broad.msu.edu/megp/>





- detecting potential acquisitions and partners in the metal forming and machining industry
- identifying export restrictions for security-based software
- locating potential buyers of seafood in European markets
- determining supply chains for after-market automotive components in China”<sup>88</sup>

Students help the business community and in return, gain experience that will help them professionally in the workforce.<sup>89</sup>

### Export Financing, Counseling, and Services

There are multiple avenues for financing exports. In addition to the state STEP assistance, funding sources include:

1. Export loan programs (SBA, Export-Import Bank)
2. Export-Import Bank Loan Guarantee Program
3. Export-Import bank export credit insurance policies
4. The U.S. Trade Development Agency grants

More detail on available financing programs can be found at <http://export.gov/finance/index.asp>. The Export.gov website is a useful resource for regions and businesses looking to export. It provides assistance for creating export plans, lists export information by industry, and lists available financing opportunities and service centers. There are several U.S. Export Assistance Centers located in major metropolitan areas that are staffed by SBA, the U.S. Department of Commerce, the U.S. Export-Import Bank, and other public and private organizations. These centers provide a one-stop-shop for export counseling and technical assistance.

International partnerships are also highly beneficial. Akron, OH, as part of its diversification strategy, made a \$1 million investment in an Israeli business incubator in exchange for the understanding that when companies are ready to graduate, they will look to Akron to locate a branch of their operations. Nearly 30 European companies bringing 2,500 jobs have located in the Greater Akron area—about one-third of them within city limits—as a result of the City’s international marketing efforts. Akron shows that exports do not necessarily have to be goods, but services and funding as well.

Export initiatives are complex, but national initiatives have opened up a variety of services available to regions and businesses. Export initiatives can be combined with both cluster development and workforce development such as in Oregon and Michigan. Although this section has presented common export assistance strategies, the Akron case study has shown that creative programs and partnerships can be just as effective.

<sup>88</sup> Michigan Export Growth Program (2009). [Brochure] East Lansing, MI: Michigan State University, Eli Broad College of Business. Retrieved from: <http://ibc-static.broad.msu.edu/sites/globalinit/megp/pdf/megp-brochure.pdf>

<sup>89</sup> Michigan State University (n.d.). Michigan Export Growth Program. Retrieved from: <http://global.broad.msu.edu/megp/>



## Summary

Diversification requires a regional planning perspective, numerous partnerships, and long-term strategies. Different communities will have different timeframes and varying access to information. It is important to be cognizant that more rural areas may take longer to diversify than urban areas. Similarly, no community has unlimited resources to implement all the strategies at the same time, and it is important to prioritize based on local and regional considerations. Organizational capacity, resources available, timelines, and how the strategies interact with each other are all relevant considerations for prioritization.

Regional stability and resiliency is an ongoing process and can be encouraged through the strategies presented in this chapter. Although presented separately, these strategies can and are encouraged to be interwoven and utilized comprehensively. Diversification is a very long-term strategy and it may be impossible to see results until 15-20 years; however, the end goal of resiliency and stability will better prepare the region for future natural disasters.

## Resources

Potential analyses:

- *Cluster analysis*: identify both existing (or established) clusters and emerging clusters.
- *Retail Leakage and Capture Analysis*: identify leakage (when consumers spend dollars outside of the community) and capture (retail sectors are receiving more dollars than what the local community can supply)
- *Input-output models*: Determine regional multipliers
- *Shift share*: determine regional competitive advantages
- *Location Quotient (LQ)*: identify exporting industries

### Federal Resources for Creating Assessments: <sup>90</sup>

- Bureau of Labor Statistics: employment, LQ
  - Consumer Price Index
  - Consumer expenditure survey to analyze retail potential
  - Current employment statistics
  - Occupational employment statistics
  - Information on mass layoffs
- Bureau of Economic Analysis
  - Regional Economic Information System (compiled from sources on metro and state data)
  - Estimates of gross state product
  - Data on foreign direct investment
  - Produce Regional Input-Output Modeling System multipliers (best source of multipliers for state and metropolitan economies)
- U.S. Census
  - demographic and workforce data

<sup>90</sup> *Strategic Planning (2011)* [Manual]. International Economic Development Council. Washington, DC, p. 62.



- Five-year economic census (for years ending in 2 and 7) of 20 industry sectors for states, metropolitan areas, micropolitan areas, counties, and place
  - Annual survey of manufacturers for U.S. and states
  - County business patterns for states, metropolitan areas, micropolitan areas, counties, and ZIP codes
- OnTheMap (service from the U.S. Census)
  - Location of jobs based on where people live and work
- ReferenceUSA
  - Supply chains for cluster



# Case Study Appendix



## Case Study 1: Joplin, MO: Setting Economic Development Priorities Before and After a Disaster

Late Sunday afternoon on May 22, 2011, an EF-5 tornado tore a path roughly one mile wide through the southern part of Joplin, MO. One of the most devastating tornadoes in U.S. history, the twister killed 161 people, demolished 7,000 buildings (25 percent of the town), and leveled 530 places of employment, including WalMart, Home Depot and St. John's Hospital. Despite the devastation, 420 of those 530 businesses have reopened.

There is much to learn from the preparedness and quick response of Joplin's citizens and businesses to work towards recovery. Rob O'Brian, president of the Joplin Area Chamber of Commerce, cited three key factors in his community's approach to addressing disaster.

### Three Key Factors

#### **Have a disaster preparedness plan for your organization and business community.**

While cities and counties devise emergency response plans designed to save lives and property, the business community needs its own economic recovery plan. "First, you have to be functional yourself," O'Brian said. "While there are many good templates out there, every community needs to tailor their own plan according to their own needs and their own potential disaster threats." Because of its proactive disaster preparation, the chamber was ready to assist just a few businesses days after the tornado.

Know how to effectively communicate with internal staff and external members: When phone and Internet connections go down, a backup communication method is needed. The chamber's plan designated emergency meeting locations and used SMS text messaging to communicate with its employees. It also had on file the cell phone numbers of key local business owners in case of an emergency.

Ensure that data is securely backed up in an offsite location: As part of its preparation plan, the chamber backed up its data in real time at a secure server over 80 miles away. This backup location will depend on the type of disaster to which your community is vulnerable – for example, communities that get hurricanes may need to establish a backup server in a different state or part of the country. This enables an organization to focus on more important recovery initiatives than retrieving basic business data.

- Have a 501(c)(3) vehicle in place (able to accept donations and grants) before an event: Financial donations are only useful if your organization is prepared to accept them. Established over 20 years ago as a 501(c)(3) nonprofit, the chamber's Joplin Chamber Foundation was able to receive \$800,000 in private donations to redistribute as short-term, low-interest working capital loans, which businesses needed after the disaster.

#### **Conduct immediate outreach to the business community, with direct services.**

With businesses in crisis, the Joplin Area Chamber of Commerce (JACC) needed to reach out to its members in those critical first few weeks after the disaster. The tornado had disrupted most technology-based



communications, pushing the chamber to reach out face-to-face. O'Brian believes that the grassroots efforts to reach out to business owners played a key role in the success of bringing back businesses. "The personal touch was very important," he noted.

**Move quickly in a direct, personal way to understand business needs:** Within a week of the tornado, the chamber staff walked the streets to reach business owners and discuss their plans to rebuild and recover. They were able to do this because other chambers in the region sent their staff to man the offices of the JACC. By circling the destroyed area day in and day out, staff made contact with all 530 employers within three weeks. While many business owners were too shell-shocked to share their plans to stay and rebuild, they appreciated the personal outreach and most stayed in close contact with the chamber. Knowing that they were not alone, that someone cared, and that someone was in charge with a recovery plan made employers more willing to rebuild.

**Quickly establish a one-stop shop for business recovery needs:** The chamber immediately set up a business recovery center at its offices, where the Small Business Technology Development Center office and a business incubator already were located. They invited representatives from relevant groups – such as the SBA and IRS, which have disaster assistance programs for businesses – to set up there as well. The center was able to offer technical business advice, as well as assistance in applying for low-interest loans.

**Set up and appropriately staff an information hotline:** Rumors and misinformation can sabotage recovery efforts, particularly when a community can't rely on usual media channels to dispel false information. The chamber dedicated several staff members to answering calls from businesses about utility restoration, cleanup, business services, rebuilding efforts, and other practical matters. Disseminating consistent and accurate information in the weeks after a disaster can make a difference in whether businesses choose to return and rebuild.

### **Quickly establish a strategic planning process for economic recovery and engage all business stakeholders.**

Every community needs an economic recovery plan that addresses the new realities of the disaster's aftermath. While it's important to plan quickly, no plan is effective without buy-in from its constituents. The Joplin Business Recovery and Expansion Initiative (JBREI) Advisory Board was established two months after the tornado to lead business recovery efforts, serving as the economic development leadership of the broader Joplin Area Citizens Advisory Recovery Team (CART), a citizens group charged with overall community recovery efforts.

The JBREI Advisory Board partnered with consulting firm Market Street Services to establish the building blocks for short-term business recovery. Thanks to the chamber's personal business outreach, they effectively engaged many of the business owners in focus groups as part of the planning process, gaining a better understanding of business owners' needs and expectations. For example, with the elimination of a supply chain or the exit of a





major buyer, the direction and character of a post-disaster economy can change quickly. Knowing where businesses stand and being prepared with the right information allows them to adapt to new market realities.

## Action Plan

Based on this feedback, an action plan for economic development was created to guide JBREI and JACC efforts. It included the following key actions:

- Conduct a business survey using trained volunteers to capture information in a central database. Information then can be dispersed to appropriate internal and external audiences.
- Develop a formal, sustainable business assistance program to provide long-term help beyond the typical 12- to 18-month mark. This included assistance in business and marketing planning, mentoring, loan/grant eligibility and other chamber services.
- Boost entrepreneurship and small business support efforts to assist those who need information on local and regional market opportunities, including how to meet retail and other rebuilding needs.
- Increase access to capital/funding for businesses by strengthening the Joplin Business Recovery Fund, which channels donated dollars to low-interest loans. This effort also included monitoring where state and federal financial programs were falling short, in order to fill in the gaps.
- Develop a marketing effort to attract new businesses to the region as a way of telling customers “We’re here, and we’re open!” This includes leveraging Joplin’s name recognition with national media, developing targeted inbound marketing trips and communicating more with Joplin’s existing employers to help develop positive messages about Joplin’s business environment.
- Focus on continued policy and advocacy efforts to ensure that Joplin continues to receive state and federal resources to facilitate the community’s economic recovery.

Joplin has already implemented a number of these efforts and is in process with others. The community also is beginning another planning process focused on long-term economic recovery for the larger economic region (seven counties across three states).

## Summary

What can other communities learn from Joplin’s experience? The Joplin chamber was set up for quicker recovery because it had prepared for an economic disruption to the community, and immediately after the tornado, it quickly distributed vital information and services to the business community. Even now, Joplin leaders continue to take proactive steps to mitigate the impact of an even larger disaster and facilitate a more rapid road to recovery.



## Case Study 2: Building Capacity for Economic Recovery and Preparedness in Polk County, Florida

### Community Profile

Polk County is located in central Florida between Tampa and Orlando. The county's population was over 602,000 in 2010, almost doubling over the last 30 years. Of the county's seventeen municipalities, Lakeland is the largest population center and Bartow is the county seat.

The county's three largest industries have historically been phosphate mining, agriculture, and tourism. While phosphate has been actively mined since 1881, the industry has faced a 66 percent decrease in employment in the last decade, mostly due to weak demand. Agriculture is the second largest industry in the county with over 35,400 jobs and \$7.7 billion in annual sales. The county also leads the state in citrus production.

Tourism has been a driving force in the economy due in part to the proximity of Disney World in Orlando and the fact that the county serves as a preferred venue for recreational and competitive sports. Since 2008, economic developers have been pursuing the following targeted industry clusters to diversify the local economy: logistics/supply chain; life sciences; agribusiness; and high-tech companies.

### Disaster Impacts

In 2004, three hurricanes swept through Florida over the course of three months, each hitting Polk County with significant force. Local officials were surprised by the severity of the damage due to the county's inland position. It was the first time Polk County had sustained any damage from a hurricane since Hurricane Donna in 1960. While the county received the second highest amount of disaster aid in the state from the Federal Emergency Management Agency (FEMA) at slightly more than \$71 million, over \$1.2 billion in damages was inflicted throughout the county.

#### Hurricane Charley

Hurricane Charley made landfall in Polk as a Category 2 hurricane on August 13, 2004 with winds in excess of 110 mph, spawning two tornadoes. Central Florida was impacted with storm precipitation as high as six to eight inches. Charley primarily impacted the eastern portion of the county, resulting in the destruction of 22,900 homes and businesses and 71 commercial buildings.<sup>91</sup>

#### Hurricane Frances

Hurricane Frances entered the county as a Category 1 hurricane on September 6, 2004, causing damage to 10,456 homes and businesses and nine commercial buildings.<sup>92</sup>

<sup>91</sup> Chambliss, J. (2004, September 24). Charley Damaged More Than Frances. *The Ledger*. S. A1, A12.

<sup>92</sup> Ibid.



## Hurricane Jeanne

Hurricane Jeanne struck the county as a Category 2 hurricane on September 26<sup>th</sup>, just three weeks after Frances. While it was difficult to differentiate between damage caused by each of the hurricanes, the city of Lakeland reported five times as many structures damaged by Jeanne as by the other two storms combined. The citrus industry reported the worst damage after Jeanne due to wind speeds of up to 100 mph.

## Immediate Response Efforts with Business Community Involvement

Central Florida Development Council (CFDC), a public-private partnership for economic development, was able to provide valuable resources in the response period immediately following each hurricane. The organization's seat on the county's emergency management team helped to facilitate critical communication with FEMA and local government.

CFDC became a concierge center to help relief workers find places to stay, providing a list of vacant buildings and relationships with local developers and hotel operators to FEMA. The list was updated daily to assist FEMA workers, first responders, and other volunteers in finding needed rooms. These placement efforts became a valuable service as many of the hotels in Polk were filled with visitors seeking refuge after evacuating from the coast. In addition, CFDC helped FEMA find a location for a disaster recovery center at the local mall.

Immediately following each disaster, CFDC also played a stopgap role in assessing business needs. FEMA and county government conducted assessments for both residences and businesses, but failed to write down business names and information. CFDC staff and their volunteers went back to these individual businesses to assess damage to their properties. The organization also recruited volunteers for response assistance through outreach to the local business community. Many family-owned businesses responded to the call for help.

## Establishing an Economic Recovery Team to Drive Recovery

Despite extensive damage throughout the area, CFDC quickly mobilized an Economic Recovery Team (ERT) immediately after the first hurricane. CFDC reached out to the 13 chambers of commerce within the county's 17 municipalities and included them on the recovery team. The team also consisted of CFDC's economic development, tourism, and Small Business Development Center (SBDC) staff. While it was a challenge to contact some of the smaller chambers, CFDC realized the need for their participation and successfully recruited them to the team.

Meetings were set up within the week following each hurricane to discuss available services and programs for impacted businesses and to identify additional programs and services to meet local needs. The ERT was responsible for communicating with businesses about response and recovery efforts, conducting disaster assessments, and staffing business recovery centers where business owners learned about assistance services. Both CFDC and the chambers reported to their network of members what was communicated at the meetings. As recovery efforts moved forward, CFDC engaged local bank representatives to join the recovery team as they started to distribute business recovery loans.



### Surveying and Outreach as Part of a Team Effort

CFDC's unique relationship with the local chambers allowed each municipality to conduct business impact surveys in their respective jurisdictions and report to the CFDC on ground-level impacts and damages to local businesses. The Lake Wales Chamber of Commerce created the survey, which was then distributed to the remaining chambers by CFDC's network.

Survey questions included information needed by the ERT on property and equipment damage, space needs, and what additional assistance was necessary to help businesses return to normal operations.

All CFDC employees immediately became business retention staff for weeks following each hurricane and spent time conducting business outreach. Chamber employees also went door-to-door to meet with local businesses. They were trained in how to follow up on the survey responses and to refer business owners to needed services and agencies. As another effective business retention measure, CFDC kept a list of vacant commercial and industrial space available throughout the county and leveraged the chambers' networks to connect local businesses with these vacant spaces. Businesses were also educated in available assistance, such as financing and technical services available at the business recovery center. Through this outreach, CFDC was able to collect valuable economic damage data on local businesses and better understand their recovery needs. This information was then disseminated to local, state, and federal officials.

### Establishing a Business Recovery Center as a One-stop Shop for Service

Polk County realized that it needed to establish a one-stop shop for business assistance services to retain businesses and prevent business closures or relocations. As the storms impacted mostly the eastern section of the county, the ERT decided to locate the center in that area. The business recovery center was set up in the Eagle Ridge Mall, in a separate storefront from FEMA's disaster recovery center, with assistance from the Lake Wales Chamber of Commerce and the mall. Small Business Administration (SBA) loan officers and the SBDC were co-located at the center as well.

Businesses were referred to local, state, and federal agencies and programs for services. Business counselors immediately referred local businesses to the Florida Small Business Emergency Bridge Loan (FSBEBL) program, which provides an expedient source of working capital to small businesses impacted by a disaster. This is a short-term, interest-free loan program set up by the state with the intention of 'bridging the gap' until the business can secure more long-term sources of capital for recovery, such as insurance claims, commercial loans, and federal programs like the SBA's Disaster Loan program. Business owners with severe property damage were also given information from the list of vacant properties to select temporary locations until their facilities were restored.

### Improving Communication is Key to Recovery

Effective communication is an essential component of recovery. While the Polk Emergency Management office released a daily news flier in English and Spanish on general topics in community recovery, CFDC and the 13



chambers provided a critical source of needed information for the business community. CFDC updated the homepage of its website daily to provide news bulletins on recovery information needed by local businesses. This included a list of vacant space for temporary needs, a list of licensed contractors within the region, and business recovery resources such as capital and technical assistance programs.

### **Investing in Communication**

CFDC also relied on the local media to communicate the locations of economic recovery meetings and services available to local businesses, buying several full-page newspaper ads in the local newspaper for advertisement purposes. While the ads cost the organization approximately \$15,000, CFDC saw this as an investment needed to communicate to its key constituents over a wide geographic area – particularly for businesses that were still without power and Internet access.

### **Distributing Lists of Licensed Contractors**

Unfortunately, unlicensed contractors commonly attempt to prey on victims in disaster-impacted communities in order to profit from the community's misfortune and the high demand for contracting services. Proactive communities ensure that they have a system of licensing contractors and educating the public on those contractors, as well as a system of enforcement for those who break the law.

In Polk County, CFDC distributed a list of licensed contractors to its network of businesses and chambers after each disaster. Often, these lists were distributed in paper format due to power outages in many parts of the county. Promoting these lists of licensed contractors helped reduce the amount of fraudulent work in Polk County.

### **Providing Emergency Financing to Local Businesses**

As previously discussed, Polk County utilized the Florida Emergency Bridge Loans (FSBEBL) program to assist local businesses with immediate working capital needs. Bridge loans were underwritten by Florida First Capital Finance Corporation. The local small business development center (SBDC), which served to provide technical assistance to local business owners and entrepreneurs, is housed within the CFDC; CFDC staff served as part of the committee reviewing loan applications.

Bridge loans were between \$1,000 and \$25,000 per business. Businesses were required to be in operation for a minimum of one year and have between two and 99 employees. Loans were interest free for 90 or 180 days and were processed within 3 to 5 days of receiving the application. Meeting a few times a week after each hurricane, a committee of five members reviewed all of the applications. The committee members included three local bankers, one community representative from CFDC, and one representative from Enterprise Florida, Inc. or the Governor's Office of Tourism, Trade and Economic Development. CFDC was located within a bank building, which made it convenient to meet multiple times a week.



Two thirds of the applications were approved by the committee. Those that were declined did not have the necessary documentation. For an application to be approved, the committee needed to review reports from the insurance company and pictures of the building. The committee also needed to know the money would be used for rebuilding costs and equipment replacement.

Banks also put together packages for long-term customers in addition to the bridge loans. The banks benefited from Community Reinvestment Act (CRA) credits and publicity.

### Recognizing ‘Hurricane Heroes’ While Supporting Tourism Promotion

CFDC developed the concept of ‘hurricane heroes’ as a strategy not only to jumpstart Polk County’s tourism industry but also to thank the companies that helped throughout the recovery process. CFDC’s executive director personally delivered plaques to companies that sent workers to assist in recovery efforts.

While visiting the companies, CFDC asked the CEOs to use their internal communication networks to announce a discount program for employees that had volunteered. Discounts at hotels, restaurants, and attractions throughout Polk County were made available to these volunteers and a coupon book was distributed to promote the program. Many of the employees did take advantage of the discounts, resulting in one of Polk County’s best tourist seasons.

### Strong Business Engagement in Disaster Planning for Redevelopment

Following the 2004 / 2005 hurricane season, the state of Florida recognized the need for communities to engage in a comprehensive planning effort to discuss post-disaster redevelopment issues in a pre-disaster environment. A focus group of local, state, and federal government and university officials convened in 2007 to create guidelines for such a planning effort. The focus group developed a pilot program for post-disaster redevelopment planning. The five pilot communities included Polk County as well as Panama City, Hillsborough County, Nassau County, and Manatee County.

These pilot projects were funded by grants from FEMA’s Hazard Mitigation Grant program, the National Oceanic and Atmospheric Administration’s (NOAA) Florida Coastal Management Program, and the Florida Department of Environmental Protection (DEP). Each planning process would be organized along the following six discipline workgroups:

- Economic Redevelopment
- Housing, Building and Historic Preservation
- Infrastructure
- Health and Human Services
- Land Use and Environmental Issues
- Government Operations

While a transportation planner from Polk County’s planning department served as the project coordinator, the county also hired consulting firm Calvin, Giordano and Associates, Inc. to facilitate the planning process. To





overcome challenges in engaging community stakeholders, the county pursued a comprehensive outreach program, including an invitation letter from the county administrator, to educate and build support among community members.

County and city government representatives, chambers of commerce, and CFDC participated in the planning workgroup focused on economic redevelopment. Each working group had a chairperson on the executive committee. The group members participated in six large-scale meetings and in smaller one-on-one coordination meetings and conference calls. At each large-scale meeting, an opening plenary session provided a brief overview of the project and was followed by two-hour meetings in working groups. A series of questions was provided to each group to drive discussions. At the end, the participants came together to present highlights from each of the working groups' meetings.

Overall, the plan developed a set of goals for post-disaster redevelopment. Within each goal, a set of tasks was created. The tasks led to an action plan, The Post-Disaster Redevelopment Plan, which included those responsible, a time frame, and resources needed for completing the action.

The plan was broad-based. As tasks were completed, Polk County could create ordinances to expedite permitting and other processes needed to respond to a disaster. The Polk County Board of County Commissioners adopted the plan and voted to support future implementation; however, no budget commitments were made. One municipality voted to endorse the plan. A few of the participants still meet on a regular basis to finish parts of the plan that were not completed within the original eighteen-month timeline.

The redevelopment planning process assessed the capabilities of each participant's agency or organization and incorporated that information into a plan for responding to the next disaster. As a result of the process, more agencies now communicate with one another to recommend actions for ensuring greater preparedness. Since this was the first time a plan of this nature was created in Polk County, a learning curve contributed to some delays. In the future, such delays would need to be considered when creating support for the planning process and deadlines for the plan.

Once the working groups were created, it was important to continually engage them in the process. There were a number of turnovers, layoffs, agency mergers, and government reorganizations during the planning process, but by regularly engaging the working groups as new representatives joined the process, new members were easily able to participate.

From the pilot projects, a tool kit was created for Florida communities to use in disaster planning. The tool kit includes a handbook and training videos, which can be downloaded at <http://www.floridajobs.org/community-planning-and-development/programs/technical-assistance/community-resiliency/post-disaster-redevelopment-planning/toolkit>.



## Looking Forward: Better Prepared for the Future

### Developing an Emergency Support Function Team With Economic Development Involvement

After Hurricane Charley, Polk County's emergency response team (ERT) transformed into an official Emergency Support Function (ESF 18) as part of Florida's state-level ESF 18 system. The ESF model, originally developed by FEMA, enables government agencies to better coordinate their disaster response and recovery efforts in multiple areas.

The ESF 18 group specifically deals with recovery efforts related to business and industry. The creation of the ESF 18 team at the local level allows Polk County's economic recovery team greater access to federal and state emergency funding like planning and mitigation grants. Polk County Office of Economic Development (OED) has used these funds to work on the Post-Disaster Redevelopment Plan discussed in the "Proactive Disaster Planning" section.

### Creating a Business Continuity Guide for Small Businesses

After the 2004 hurricane season, CFDC researched what other communities and counties were recommending to their businesses regarding disaster preparedness and created a disaster preparation and business continuity guide for local businesses to help them prepare for future disasters. Included in the guide are:

- Emergency hotlinks
- Insurance coverage worksheets
- Tips on what to do before and after a storm
- Check lists to ensure the business is prepared
- Forms to complete in preparation
- GIS-mapped flood zones
- A list of approved contractors

The guide is placed on the CFDC's website for immediate access by local businesses.

### Identifying Future Business Recovery Centers

Polk County has had discussions with vacant property owners in preparation for future hurricanes. In case of an emergency, the county has arranged for the use of space at the Lakeland Airside Center and in the city of Bartow. The Airside Center next to the Lakeland Linder Airport can provide access to supply lines during a natural disaster. Linder Airport was used as a staging area in 2004.

The CFDC also regularly maintains a list of vacant facilities to be used for additional business recovery centers. Prior to a disaster, the CFDC makes sure they have a hard copy of this list on hand to be used in the event of a power outage caused by the storm. This ensures that they have quick access to this list and can start using it before the lights come back on.



### Keeping Communication Lines Open

The hurricanes knocked out the electricity in many areas, making communication with local businesses and partners in the recovery efforts a challenge. Following the 2004 hurricane season, local economic development leaders recommended a back-up website location in a data center or a remote location (possibly out of state).

As mentioned previously, the CFDC spent over \$15,000 on advertisements in the local newspaper to inform businesses where they could get post-disaster relief services. The CFDC has worked out a deal with the local newspaper in advance so that in the case of a disaster, the newspaper will provide advertisement space at a reduced cost or a special news column in order to inform businesses of relief services.

### Summary

After 44 years without a hurricane, Hurricanes Charley, Frances, and Jeanne took Polk County by surprise and left a destructive force, which had significant impacts on the community, including local businesses. Still, local economic development organizations and chambers of commerce quickly mobilized to jumpstart Polk County's local economy and facilitate recovery. By creating the emergency response team (ERT) and focusing on the immediate needs of local businesses, the CFDC and its partners were able to provide necessary immediate treatment and set local businesses up to receive more long-term assistance.

The co-location of SBA, SBDC, and CFDC staff at the local business recovery center provided a central location where business owners could obtain the information and assistance they needed for recovery purposes. State funding mechanisms such as the Florida Small Business Emergency Bridge Loan program provided critical short-term financing to help local businesses stay open and bridge the gap to longer-term financing. Newspaper ads enabled the EDOs and chambers to more widely distribute critical information on relief and recovery efforts to local businesses.

Finally, Polk County used these storms as an opportunity to improve its disaster planning efforts so that the business community – and the community at large – would be better prepared for future incidents. Because Polk County and the CFDC recognized the importance of immediate response efforts, constant communication, and prioritizing critical recovery initiatives, the county was able to successfully recover from the three devastating hurricanes, which could have otherwise had severe long-term impacts on the local economy.



## Case Study 3: Addressing the Full Spectrum of Economic Recovery in Cedar Rapids after the 2008 Flood

### Community Profile

The city of Cedar Rapids is located along the Cedar River in eastern Iowa, approximately 120 miles east of Des Moines. The second largest city in the state, Cedar Rapids has seen steady population growth over the last 50 years. Just prior to the 2008 flood, the city's population was estimated to be 124,515<sup>93</sup> and reached an all-time high of 126,498 in 2010 – a 1.6 percent increase.<sup>94</sup>

The railroad, built through Cedar Rapids in the mid 19<sup>th</sup> century, helped fuel the city's growth by attracting major industrial manufacturers. Cedar Rapids was home to one of the largest meatpacking plants and one of the largest cereal mills in the world in the late 19<sup>th</sup> century – Sinclair Company and Quaker Oats, respectively. Today, Cedar Rapids has become a major hub for food processing, bioprocessing, and electronic equipment and design. Major companies located in Cedar Rapids include Rockwell Collins, Whirlpool, Quaker Food, General Mills, Cargill, and Heinz. Cedar Rapids is also the largest processor of corn and ethanol in the country, processing about 1.2 million bushels of corn a day.<sup>95</sup> Cedar Rapids has historically boasted a “higher percentage of exported products, per capita, than anywhere else in the United States.”<sup>96</sup>

Cedar Rapids' largest sector of employment is in manufacturing and the city maintains a low unemployment rate of 4 percent across all sectors. The median household income was \$51,186 and only 12% of the population was below the national poverty level in 2010.<sup>97</sup> Cedar Rapids fares better than the nation in unemployment, median household income, and population below poverty, representing a dramatic improvement from 2008, when the city was below the national average in both median income and poverty.<sup>98</sup>

### Disaster Impacts

On June 13, 2008, the Cedar River crested to a historic height of 31.2 feet, flooding businesses, homes, and city buildings in Cedar Rapids.<sup>99</sup> The river rose quickly, taking only three days to increase from the flood stage level (12 ft.) to its crest (31.2 ft.). The river's rapid rise of 11 feet in the 24 hours before the crest “caught the community off guard.”<sup>100</sup> Citizens living in the flood impact zone had mere hours of notice to evacuate.<sup>101</sup>

<sup>93</sup> US Census Bureau (n.d.). *American Community Survey Three-Year Estimates 2005-2007: Cedar Rapids City, Iowa*. Retrieved on August 3, 2012 at <http://www.socialexplorer.com.ezproxy.lib.utexas.edu/pub/reportdata/home.aspx>

<sup>94</sup> US Census Bureau(n.d.). *American Community Survey 1-Year Estimates Demographic and Housing Estimates 2010: Cedar Rapids City, IA*.

<sup>95</sup> Merta, A. (June 21, 2012.). Phone interview by author, Washington DC.

<sup>96</sup> Cedar Rapids Area Convention & Visitors Bureau. *Cedar Rapids History* (webpage last modified 2011) Retrieved from: <http://www.cedar-rapids.com/about/history/>

<sup>97</sup> US Census Bureau (n.d.). *American Community Survey 1-Year Estimates 2010: Selected Economic Characteristics: Cedar Rapids, IA*.

<sup>98</sup> US Census Bureau(n.d.). *American Community Survey 1-Year Estimates 2008: US Selected Economic Characteristics*.

<sup>99</sup> City of Cedar Rapids, Iowa. *Flood Recovery Process* (webpage last modified 2012). Retrieved from <http://www.cedar-rapids.org/city-news/flood-recovery-progress/Pages/default.aspx>.

<sup>100</sup> Cedar Rapids Area Chamber of Commerce (2012, January). *First Business Case Management Program for a Natural Disaster: Cedar Rapids, IA – June 2008 Flood*. Cedar Rapids, IA

<sup>101</sup> Merta, phone interview.



Although Cedar Rapids had experienced severe flooding in the past, the city had never seen a flood of this magnitude before. Due to the river's high water level, nearly 14 percent of the city was affected.<sup>102</sup> The flooding caused more than \$6 billion worth of damages to houses, buildings, and infrastructure. The fiscal impact of the flood ranks it as the 5<sup>th</sup> largest disaster in the United States,<sup>103</sup> leaving "more than 700 businesses with estimated flood recovery [needs of] as much as \$1.5 billion."<sup>104</sup> Across Cedar Rapids, 602 businesses reported losses in the sum of \$210 million.<sup>105,106</sup> Of these businesses, 96 incurred losses of over \$500,000 and 49 reported losses of over \$1 million.<sup>107</sup> Initial assessments verified that 754 businesses or landlords had water in their buildings, and 186 businesses were unable to access their offices. Finally, 33 businesses outside the floodplain were also adversely affected for reasons ranging from market decline to suppliers who were hampered by the flood.<sup>108</sup>

Many businesses carried only basic business insurance, which does not protect against floods.<sup>109</sup> Due to physical damages and loss of customers, businesses' revenues, on average, fell by 10 percent in Cedar Rapids. As a result, 173 businesses were forced to close their doors and more than 2,500 workers lost their jobs.<sup>110</sup>

## Communicating to Create a Unified and Informed Response

In the wake of the disaster, traditional communication networks were out of service. The recovery efforts of numerous organizations and government agencies created the need for strong communication flow to minimize overlapping efforts and maximize the spread of information.

### Addressing Broken Communications

Most damaging to the recovery effort was the fact that the flood had knocked out the existing lines of communication, from phone lines to the Internet. The amount of cell phone traffic overloaded the towers. Whether it be getting emergency crews into buildings or getting the word out to workers about coming into work, communication is a critical aspect of recovery. Mass media was an effective tool for evacuations, but in the recovery process it could not keep up with all the different programs and projects running simultaneously, from business recovery to clean ups to nonprofit recovery work. Different groups were tackling the same tasks and not efficiently spreading their resources.

### Providing Avenues for Collaboration between Various Parties

In the face of this disaster, representatives from different programs and government organizations quickly established the Emergency Operation Center (EOC). Representatives from the city, state, and federal government and local and regional nonprofits utilized this center by dividing up tasks and collaborating to solve

<sup>102</sup> Neumann, D. (June 25, 2012). Phone interview by author, Washington DC.

<sup>103</sup> Cedar Rapids Chamber, *First Business*.

<sup>104</sup> City of Cedar Rapids, *Flood Recovery Process*.

<sup>105</sup> The Chamber's report excludes larger employers such as Quaker, Cargill, etc.

<sup>106</sup> The average loss is \$349,000 when excluding larger employers.

<sup>107</sup> Cedar Rapids Chamber, *First Business*.

<sup>108</sup> Ibid.

<sup>109</sup> Ficken, G. (June 29, 2012). Phone interview by author, Washington DC.

<sup>110</sup> Cedar Rapids Chamber, *First Business*.



important problems. The chamber of commerce was invited to have a seat at the EOC in order to facilitate better communication between the public and private sector. Priority One, a regional economic development organization serving Cedar Rapids and the Iowa City Technology Corridor, could communicate information it learned directly from its business clients to the EOC and vice versa through this representative.<sup>111</sup> This real time information flow alerted the EOC to emergencies and critical situations in the field.<sup>112</sup>

In the days after the flood, the city manager recognized the need to establish alternate means of communication and brought together key community leaders, creating the Recovery and Reinvestment Coordinating Team (RRCT) one week after the flood crested. Realizing that the problems caused by the flood could not be solved by just one group, the team consisted of a variety of members: the chamber, local nonprofits, arts and cultural groups, schools, organized labor, landlords, the Downtown District, local government, and neighborhoods.

The RRCT met daily in the first eight weeks engaging businesses and neighborhoods, and gathering input on recovery actions. The RRCT worked with Iowa Jobs (I-Jobs) to obtain grants and worked on the allocation of CDBG funding. Furthermore, the RRCT worked with the Corps of Engineers on flood mitigation efforts. Most importantly, however, was the RRCT members' ability to periodically compare notes on what was learned and what was still going on. This communication allowed for a more codified response by the Cedar Rapids community, acting together to resolve issues caused by the flood.

Collaboration was not limited to local government and nonprofit organizations. Just five days after the flood, over 500 business owners met at a local union hall to determine ways to help one another. Originally, they sought to form a clearinghouse for equipment sharing, allowing businesses to access the tools and office space needed to assist in their own recovery. However, leaders of this group realized that it was going to take more than equipment to revive many of the impacted businesses. This group quickly transformed into the Cedar Rapids Small Business Recovery Group (CRSBRG), creating a unified voice for small businesses and communicating business interests to the local, state, and federal government.

### Reaching Out to Local Businesses

Priority One and the Cedar Rapids Chamber of Commerce effectively maintained communication with businesses in a time of crisis. Immediately following the flood, Priority One and the chamber built upon its database of local businesses' contact information, adding cell phone numbers to ensure communication even when phone lines were down. Texting and contacting clients in the early morning and late at night ensured businesses could be reached despite damaged or overloaded cell towers. Priority One used the information it obtained to figure out the real time needs of its clients and to pass along information to the fire department or the EOC. Priority One maintained its calls to client businesses for a few weeks following the flood.<sup>113</sup>

<sup>111</sup> Priority One and the chamber worked in the same building and their close relations helped in the recovery process of Cedar Rapids. Today, both organizations have been unified under a single umbrella organization along with the Downtown district.

<sup>112</sup> Merta, phone interview.

<sup>113</sup> Merta, phone interview.





The City of Cedar Rapids sought to engage the business community in their recovery plan. In the few months after the flooding, the city held three open houses to identify problems, to develop options to address these problems, and to create solutions. A critical component of this was to involve the businesses in the city's redevelopment strategy, since businesses had been greatly impacted and their successful recovery impacted the community's recovery. These efforts led the city to redevelop residential and commercial area, while also deciding to keep certain areas from redevelopment for future flood protection.<sup>114</sup>

### **Dispersing Information to Businesses through the Web**

The RRCT also worked to ensure a healthy flow of information to the public. In collaboration with the Chamber, United Way, local IT companies, and other organizations, RRCT built a website with up-to-date information on flood relief and other recovery efforts. The site, [www.corridorrecovery.org](http://www.corridorrecovery.org), was up two days after the flood and collected information from on-the-ground-sources, the state, and FEMA. It also provided a venue to coordinate volunteer efforts. The website was extremely beneficial to many organizations that were unsure about how to approach the recovery process.<sup>115</sup>

### **Contacting Other Communities**

In the wake of the flood, the City's first response was to contact other communities. The City understood the importance of information that could be gained from cities that had similar experiences, from Napa Valley to Grand Forks. These efforts helped develop a framework for how to go about recovery, from developing business recovery programs to creating an "interdisciplinary and cross-functional approach" to problem solving.<sup>116</sup>

### **Supporting Local Business Recovery through Capital Assistance**

After the flood, Cedar Rapids businesses needed working capital to pay rent, compensate employees, buy supplies, and finance other operations in order to keep their businesses open. To fill this void, Cedar Rapids businesses received grants and other assistance programs funded by nonprofit organizations, and the city, state, and federal government. To date, more than \$68 million has flowed into Cedar Rapids to assist in business recovery efforts.<sup>117</sup>

### **Helping Businesses to Keep Doors Open through Financial and Technical Assistance**

Funding to assist businesses sprang up from both the local and state level almost immediately. By the 1st of July, the Chamber established the Job and Small Business Recovery Fund, contributing \$500,000 from its own fund. The chamber was able to leverage different private businesses and donors through matching donations. The City and Priority One also helped pool resources for emergency assistance.

<sup>114</sup> Butterfield, C. & Pratt, J. (August 3, 2012). Phone interview by author, Washington DC.

<sup>115</sup> Neumann, phone interview.

<sup>116</sup> Butterfield and Pratt, phone interview.

<sup>117</sup> The Cedar Rapids Area Chamber of Commerce. *Recovery* (last modified 2012). Retrieved from: <http://www.cedarrapids.org/Content/Community-Development/Progress/Flood-Protection-Recovery.aspx>



The chamber distributed a total of \$6 million to small businesses to help them “meet payroll [and] pay for clean-up, and other disaster expenses.”<sup>118</sup> In total, 411 businesses accessed these \$25,000 zero-interest forgivable loans through an application process run by the Chamber.<sup>119</sup> Without access to this emergency funding, many businesses would have had to close their doors. This funding stream later ran into problems with federal funding because it was seen as duplication of benefits.<sup>120</sup> The chamber, city, and Business Case Management team worked with federal programs to ensure that businesses could access the federal funding.<sup>121</sup>

### Strong, Central Voice for Business Advocacy

Businesses understood the immediate need for capital and used a bottom-up approach to secure a funding source. With the backing of the City, the CRSBRG lobbied the state and federal government, securing an \$85 million relief package for flooded businesses. The CRSBRG provided a strong, central voice to advocate for local businesses. This funding helped business survive the worst of the flood, giving them money to pay for the cleanup and equipment or inventory necessary to resume operations.

The group also created new programs to help Cedar Rapids businesses with such expenses as reimbursements on machinery and inventory, and loan-interest and flood insurance.<sup>122</sup> By 2009, the CRSBRG helped generate enough support to pass a five-year one percent local option sales and services tax (LOST) with an estimated revenue of \$78 million.<sup>123</sup> As of February 2012, the City had “invested \$42.2 million into 16 acquisition, rehabilitation, and flood recovery programs.”<sup>124</sup> This money was a huge relief to businesses struggling in the wake of the flooding.

### Matching Businesses Resources

Another initiative aimed at keeping businesses’ doors open was mounted by the chamber. With the help of Priority One, the Chamber established the “Adopt-a-Business” program. This effort “matched non-flooded businesses and their resources with flooded businesses,” providing valuable resources such as “temporary facilities, business coaching, and financial assistance; clean up labor, [and] construction materials.”<sup>125</sup> This program distributed resources in a way that allowed businesses to become operational more quickly.<sup>126</sup> Rather than giving businesses funding or forcing them to take out loans to pay for new equipment, the Chamber created a market for unaffected businesses to provide resources they were not utilizing. This program was also helped by the strong sense of community that emerged following the flood.

<sup>118</sup> Cedar Rapids Chamber, *First Business*.

<sup>119</sup> Full, S. (2012, June 22 and 28). Phone interview by author, Washington DC; NADO Research Foundation (December 2010). Restoring Regional Economics in the Wake of Disaster. Retrieved from: <http://restoreyoureconomy.org/wp-content/uploads/2011/06/Restoring-Regional-Economies.pdf>.

<sup>120</sup> Duplication of benefits refers to the Stafford Act, which protects the government against fraudulent business. To obtain federal assistance, businesses must not be receiving any funding that could also be used for the same purpose.

<sup>121</sup> Cedar Rapids Chamber, *First Business*.

<sup>122</sup> Ficken, phone interview.

<sup>123</sup> The City of Cedar Rapids. *Local Option Sales & Service Tax (LOST) Information* (last modified 2012). Retrieved from: <http://www.iowa.gov/tax/educate/78601.html>

<sup>124</sup> Cedar Rapids Chamber, *First Business*; City of Cedar Rapids, *LOST*.

<sup>125</sup> Cedar Rapids Chamber, *First Business*.

<sup>126</sup> Neumann, phone interview.



## Assisting Local Businesses through a Case Management Approach

The national average survival rate for businesses three years after a disaster hovers around 45 percent.<sup>127</sup> Cedar Rapids' business survival rate was almost double the national average, with 82 percent of businesses still in existence.<sup>128</sup> Cedar Rapids defied these odds through the many community-led initiatives to support local business. The most critical component in business retention came from a novel effort to use a case management approach for business recovery.

### Moving Away from Traditional Methods to Better Understand Local Business Needs

After the flood in mid-June, Cedar Rapids' U.S. Small Business Association (SBA) office set up a Business Recovery Center (BRC). The BRC established a centralized location to which affected businesses could go for disaster relief and other resources. However, going to the BRC required ample time on the part of business owners. The CRSBRG pushed the city to attempt a case management system to make recovery more efficient and less time consuming for businesses. Eighteen months after the flood, the chamber implemented the Business Long Term Recovery Initiative, which featured the business case management approach and was paid for with administrative dollars in CDBG as well as local funds.<sup>129</sup>

The Business Case Management initiative was the first of its kind in the U.S. The chamber led the effort of assembling case managers from a pool of local applicants. All the case managers had "experience in small business ownership [and] general management skills, and were seasoned professionals within the Cedar Rapids business community."<sup>130</sup> Instead of setting up in one centralized location like a BRC, case managers visited with each of the nearly 1,200 affected businesses one-on-one.

Direct advising was the key to the case management program. Using an adapted FDA assessment tool, the case management team identified businesses' needs, from marketing to legal and financial areas.<sup>131</sup> These visits could last from 15 minutes to two hours depending on the degree of impact a business suffered. Along with the assessment, the team compiled field data on total losses, debt loads, and other financial data helpful in obtaining grant funding. The chamber used this database of information to assemble diverse, pro bono teams from businesses in the community to address the needs of the affected businesses.

In addition to these teams, the Business Long Term Recovery Initiative also provided businesses with mentors, usually members of the local SBA SCORE chapter. A few chamber members joined SCORE to act as mentors; case managers were also used depending on their particular field of expertise. These mentors provided businesses with useful guidance particular to their needs.<sup>132</sup>

<sup>127</sup> Cedar Rapids Chamber, *First Business*.

<sup>128</sup> Ibid.

<sup>129</sup> Full, *phone interview*, June 28.

<sup>130</sup> Cedar Rapids Chamber, *First Business*.

<sup>131</sup> Full, *phone interview*, June 22.

<sup>132</sup> Scott Swenson, *phone interview by author*, June 26, 2012.



After assessing the needs of a business, the case managers helped navigate funding sources and dealt with paperwork for applying to state and federal programs.<sup>133</sup> The case management team also helped develop programs for affected businesses like reimbursement programs on inventory and interest. In addition to these services, the Business Long Term Recovery Initiative provided workshops on skills and information relevant to the business community.<sup>134</sup> Case managers also participated in lobbying the state and federal government for disaster assistance.

The Business Case Management program, which concluded in December 2011, was a highly successful approach that adapted to the needs of the flood-affected community. Rather than finding a “one size fits all” solution for Cedar Rapids, the Business Long Term Recovery Initiative identified what individual businesses needed most and helped fulfill those needs. Case managers were locals who had been affected by the flood as well and thus were able to employ a network of trust. The case management system provided a highly effective resource network, helping businesses receive the funding, marketing, or financial assistance they needed.<sup>135</sup>

### Redeveloping a City after a Disaster

After the initial emergency responses and flood recovery efforts were underway, the focus turned to the redevelopment of downtown. Downtown Cedar Rapids, which is located along either side of the Cedar River, was heavily impacted by the flood: 50 of the 54 blocks of downtown were flooded, affecting 923 businesses.<sup>136</sup> The Downtown District ran a number of business retention and revitalization projects because Cedar Rapids recognized the downtown area was a catalyst for economic development in the city.

### Creating Critical Access for Businesses to their Facilities

Though many downtown businesses on upper floors did not suffer water damage, they were inaccessible until the waters receded and clean up began. Each hour that these businesses remained inaccessible resulted in greater economic losses, not just for the businesses themselves, but also for Cedar Rapids’ local economy. Within a few days, the Downtown District and chamber devised a business equipment rescue operation.

Coordinating efforts with the fire department, police department, National Guard, and businesses, the operation made use of the skywalk system that connected many downtown businesses on the upper levels. Businesses were able to retrieve servers, computers, client contact information, and other information vital to operations. Though the operation was not without its risks – including a lack of electricity, potential gas leaks, and compromised structural integrity of the skywalk system – it allowed many businesses to get back to work within days of the flood, improving the chances of their survival.

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<sup>133</sup> Full, phone interview, June 22.

<sup>134</sup> Cedar Rapids Chamber, *First Business*.

<sup>135</sup> Butterfield and Pratt, phone interview.

<sup>136</sup> Neumann, phone interview



### Reaching Out to the Community to Provide Support

Without businesses, the city was losing part of its tax base and citizens did not have jobs, so the Downtown District focused its efforts on retaining affected businesses. It developed a number of programs to create a sense of support for the business community, engaging citizens and businesses to stimulate the local economy.

The Downtown District made business retention its priority in the flood stricken city. It collected statistics in an effort to figure out which businesses closed, reopened, or relocated. The Downtown District ran a year-long “Welcome Back” initiative, “designed to [bring] businesses back [into the] downtown community.” The campaign set up periodic lunches in the downtown park and gave banners to businesses to advertise their doors were open again. This initiative was instrumental in getting businesses to come back, creating a sense of camaraderie among returning businesses as well as with their clientele.<sup>137</sup> The Downtown District also ran a “Buy Local” campaign. Urging people to buy locally made a huge impact on recovering organizations trying to revive their businesses in the midst of declining customer bases caused by the flood and the nationwide recession.<sup>138</sup>

### Developing Capacity for Economic Recovery and Redevelopment

Another nonprofit organization arose out the 2008 flood – the Economic Planning and Redevelopment Corporation (EPRC). This group was a privately funded organization, focusing exclusively on helping businesses retain grant funding. Headed by the president of the Downtown District, Doug Neumann, the organization secured \$50 million from the U.S. Economic Development Administration (EDA) and worked with I-Jobs to secure state disaster funding. Much of Cedar Rapids’ success rests in the community response through grassroots movements like the CRSBRG and the EPRC.

### Advocating for Federal Assistance

When the disaster hit, there were “astronomical” costs of getting businesses back up and running.<sup>139</sup> Despite the heavy burden on businesses, the federal focus remained on housing. Elected officials and federal programs worried about getting people back in their homes. This focus meant there was no overarching government agency to deal with disaster recovery for businesses.<sup>140</sup>

Many business and community leaders found that working with the federal bureaucracy could be extremely difficult and even disheartening. It took over a year to receive FEMA financial support for businesses and many of the officials in charge of funding had never run a business.<sup>141</sup> The FEMA funding scenarios were difficult to understand and more importantly, they seemed highly inconsistent, frustrating business owners’ attempts at funding their recovery.<sup>142</sup> The auditing process that businesses were required to go through to get federal

<sup>137</sup> Neumann, phone interview

<sup>138</sup> Ibid.

<sup>139</sup> Merta, phone interview.

<sup>140</sup> Full, phone interview, June 28.

<sup>141</sup> Ibid.

<sup>142</sup> Neumann, phone interview.



assistance was similarly difficult. For one grant, HUD revised its program seven times, requiring new documentation from businesses each time. By the end, businesses were getting frustrated with the process and gave up on the funding altogether, even though they needed it.<sup>143</sup>

Another major problem with federal funding dealt with the duplication of benefits. The Stafford Act establishes that federal post-disaster assistance for reimbursements can only be used as a last option to “prevent assistance from various sources funding the same item of loss.”<sup>144</sup> This law increased the period of time that it took federal funding to reach affected businesses. Many of the funding programs established immediately after the flood by the city and chamber were scrutinized for duplication of benefits issues, initially prohibiting businesses from getting much needed federal assistance.

Due to these problems, Cedar Rapids focused its advocacy efforts at the state level, where the focus was placed on getting proportionate money for the damages incurred.<sup>145</sup> Members of the Business Case Management team lobbied the Iowa Department of Economic Development (IDED) and met with officials in Washington, D.C. to capture funding and find a solution to the duplication of benefits problem.<sup>146</sup> Priority One also helped in securing funding by convincing the IDED to create a disaster recovery component. Cedar Rapids received \$4 million to give to flooded businesses in forgivable loans.<sup>147</sup>

Cedar Rapids ran into duplication of benefits issues while dealing with the state as well, lengthening the time it took for businesses to receive funding. Disaster assistance money simply sat the state level for an extended period of time because the state would have been held accountable if fraudulent practices were undertaken.<sup>148</sup>

## Summary

The recovery efforts in Cedar Rapids helped the city far outperform the dismal 45 percent three-year national business survival rate. This success was due to the concerted efforts of a unified business community and local government support. Cedar Rapids came together as a city to respond to the immediate needs of its business community, not waiting for state or federal assistance to arrive. Local and regional organizations, from the chamber of commerce to Priority One, provided necessary assistance to the businesses in Cedar Rapids.

Where funding or information gaps were recognized, grassroots movements started by the businesses themselves stepped up to fill those voids. The programs and initiatives Cedar Rapids devised helped keep businesses open as well as retain businesses in the city. One of the most unique and successful aspects of the recovery was the dynamic case management approach to business recovery that provided direct mentoring to identify the individual needs of businesses, helping businesses outperform recovery odds.

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<sup>143</sup> Full, phone interview, June 22.

<sup>144</sup> Cedar Rapids Chamber, First Business.

<sup>145</sup> Full, phone interview, June 22.

<sup>146</sup> Swenson, phone interview.

<sup>147</sup> Merta, phone interview.

<sup>148</sup> Full, phone interview, June 22.





## Case Study 4: Building Back a More Resilient Community in Greensburg, Kansas

### Community Profile

About forty-five miles east of Dodge City, Greensburg is one of a handful of small agricultural towns in Southwest Kansas situated along the Great Plains. It is the largest town in Kiowa County and serves as the county seat. Greensburg's population peaked in the 1960s at around 2,000 people, but since declined to a pre-tornado population of 1,400. Residents in the county have depended on agricultural opportunities with cattle and wheat serving as the main economic drivers, along with some 'Mom and Pop' retail establishments. Greensburg has historically attracted a significant visitor population<sup>149</sup> owing to the presence of the world's largest hand-dug well and its cattle ranch culture. Like many small, agricultural communities, Greensburg's economy has struggled in the face of industrialized agriculture and an aging population for the last three decades.

### Disaster Impacts

At about 10:00 PM on Friday, May 4, 2007, an EF-5 tornado<sup>150</sup> roughly one-and-three-quarter miles wide struck Greensburg, destroying approximately 95 percent of the town. This damage included the obliteration of 110 businesses and severe damage to an additional 24. Tragically, 13 lives were lost as a direct result of the storm. Power and telecommunications infrastructure and the town's water tower were destroyed, and sewage and road systems were damaged. US Highway 54 — the main highway through Greensburg — had to be rerouted around the town, resulting in a month-long 85-mile detour.

In the aftermath, Greensburg faced a host of recovery challenges, including chronically under-insured properties, limited temporary shelters for residents and businesses, business interruptions of surrounding agriculture operations, and mental health issues for community members. Insurance plans collectively paid out \$153 million while the Federal Emergency Management Agency (FEMA) contributed \$69 million to recovery efforts. (According to NOAA, there was \$250 million in total damage caused by the tornado) figures. Despite these challenges, an estimated 879 citizens voiced support for returning to and rebuilding Greensburg. The 2010 U.S. Census indicates that Greensburg's total population was 777, approximately 55 percent of pre-tornado figures.

### Responding Immediately to the Destruction

#### Local Government Responds to Secure External Funding and Resources

City officials worked with state and federal officials to develop a supplemental funding request for federal assistance the weekend following the disaster. Concerned that federal funding — even for life-threatening

<sup>149</sup> An estimated 40,000 tourists from around the world visited Greensburg in 2006 according to "A Strategic Tourism Plan" for Greensburg and Kiowa County by Heberling Associates.

<sup>150</sup> E-5 refers to hurricanes at the top of the Fujita Scale, with winds of 261 mph (420 km/h) or more.



disasters — might not arrive quickly enough or in sufficient amounts to address all recovery costs, city officials used this proactive meeting to put a request for federal funding before the US Congress as early as possible.

### **Convening Businesses to Obtain Commitment to Stay and Rebuild**

Just days after the tornado, two local business owners— Mike Estes and Scott Brown— gathered others from the local business community to host a meeting, as many businesses were rumored to be considering leaving Greensburg. Estes commented, “We just wanted to get everyone together to see what everyone was thinking. With no businesses, there are no jobs, no places to get groceries, there’s really nothing.” Without the critical mass of services these businesses provided, the town would not be able to survive.

Roughly 150 people representing 70 local businesses attended the gathering. After some discussion about the disaster and its effect on the community, a remarkable 66 out of 70 businesses represented at the meeting indicated they were willing to stay.

### **Convening the Community to Make Sustainability Commitment**

A week after the disaster, the community convened a town meeting with local and federal government officials to discuss recovery efforts. Eight hundred people attended, resolving to build back to be more resilient, to which then-Governor Kathleen Sebelius commented: “It sounds like you guys are going to build back green.” From this seminal moment, the idea of rebuilding as a sustainable community accelerated with members of the community rallying around the idea of becoming the “Greenest Little Town in America.”

## **Recovery Challenges: High Costs, Low Capital, and Rebuilding Pressure**

### **Restoring Critical Services**

Immediately following the disaster, the town was without all its primary critical infrastructure services including water, electricity, telecommunications and shelter for citizens and businesses. The streets of Greensburg were covered in debris, and restoration of critical infrastructure and utility services would take time. Town residents and businesses found temporary shelter within the region, but this created a concern that these temporary transplants would permanently stay in their new locations. Greensburg purchased several trailers to house important local businesses, while the local grocery and insurance companies set up their own tents. FEMA coordinated with local authorities and utilities to restore phone and power to Greensburg — a process that consumed seven full months following the disaster. Utilities were prioritized in places that were being built back first, with electricity being restored to the whole town by the eighth month. Other recovery challenges included:

- **Higher Rebuilding Costs** – Insurance claims only covered the cost of rebuilding existing structures — not the improved, more resilient buildings that would ultimately follow.
- **Lack of Capital** – Prior to the tornado, many small businesses in Greensburg were under-insured, and desperately needed any available capital simply to sustain business operations or fund rebuilding efforts. Other local small businesses expressed concern about the affordability of rental space in the new, improved facilities being constructed.



- **Pressures to Rebuild Quickly** – When funds from insurance claims began to materialize, there was an initial, instinctive temptation to rebuild quickly rather than wait for the new building requirements of the ‘sustainable vision’ to be developed.
- **Education Needs** – All of Greensburg’s K-12 schools were destroyed by the tornado. Because schools serve as glue for communities and because families prioritize their children’s education needs when committing to a permanent location, the Kiowa County Superintendent provided incentives for residents to return to Greensburg by opening up classes in temporary venues just three months after the disaster.
- **Mental Health** – As is common following a disaster of such magnitude, residents and business owners had to confront post-traumatic stress. Many had a desire to quickly resume to ‘normalcy’ and faced a strong temptation to consider a new life elsewhere.

## Sustainable Planning with Strong Economic Development Strategies

### Long-Term Community Recovery Plan

Prepared through FEMA’s Long-Term Recovery Program, a twelve-week planning process began three months after the disaster to develop a Long-Term Community Recovery Plan (LTCRP). This process involved a variety of stakeholders — citizens, civic groups, business owners, and government officials at the local, state, and federal level. A total of four community meetings were held with attendance averaging about 400 people.

Released in August 2007, the LTCRP documented the defining vision of Greensburg as environmentally friendly and sustainable.<sup>151</sup> To attain this vision, the plan recommended a number of projects:

- Establish a Sustainable Development Resource Office
- Build public facilities back to LEED Platinum standard
- Create a “Greensburg Green” local building code
- Identify alternative energy options
- Establish a Business Development Assistance Program
- Build a Business Incubator
- Develop a Big Well Tourism Center
- Prepare a Comprehensive Sustainable Plan

The positive impacts associated with rebuilding Greensburg in a sustainable manner included reductions in long-term financial expenses, and the creation of a unique identity that serves as a tourism draw. By blending past tourist attractions into a new sustainable living model, Greensburg hoped to attract an increasing number of tourists that would stay longer and pump more dollars into the local economy.

The LTRP also outlined vital action steps for developing a comprehensive economic development plan. Its recommendations included a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, an assessment of community assets, an evaluation of business sectors and leakage, strategies to benefit current small businesses, and an assessment of the need for both a tourism director and an economic development director.

<sup>151</sup> Kansas Office of Governor and FEMA Region VII (2007, August). *Long-Term Community Recovery Plan: Greensburg + Kiowa County Kansas*, Page 4.



## Developing a Sustainable Comprehensive Plan

After the LTCRP process ended in August 2007, the planning team began a longer process to develop a more comprehensive plan with stronger focus on future economic development strategies. After six months, and with assistance from private and government consultants, the process culminated in a plan titled the “Greensburg Sustainable Comprehensive Plan” (GSCP), also known as the Sustainable Master Plan.

The GSCP planning team was committed to community support and engagement, and as disagreements arose, thorough evaluation was conducted to ensure the proper decisions were made. Phase 1 of the GSCP was adopted on January 22, 2008 and consisted of broad goals intended to guide future rebuilding efforts, infrastructure evaluation, land use mapping, and preliminary housing policies. Phase 2 was adopted on May 19<sup>th</sup>, 2008 and updated Phase 1 with more refined information. It also expanded the GSCP’s focus areas to include economic development, cultural resources, and energy planning.

Greensburg identified a great opportunity to build upon the media attention focused on the town’s commitment to sustainability. By building upon green tourism efforts, Greensburg could develop this into a larger industry that could draw much-needed dollars to the local economy. The GHCP also recommended leveraging the town’s LEED-certified buildings as part of an effort to attract “green collar” entrepreneurs for its local business incubator. Additional plans to further develop Greensburg’s economy include building an industrial park, upgrading its airport, and assisting local businesses in creating small-scale commercial operations.

## Assisting Local Businesses with Financial and Technical Assistance Services

### Establishing a Business Recovery Center

Immediately after the disaster, then-Governor Kathleen Sebelius established a Disaster Recovery Center in a school gymnasium in nearby Haviland. A distinct Business Recovery Center was also housed there to provide support services to local businesses, including assistance with loan applications and consultation for business and marketing plans. A variety of speakers were invited to offer advisory services to businesses, including representatives from the U.S. Department of Agriculture (USDA), private sector contractors, and architects. The Business Recovery Center also helped establish contact with local businesses, initially by word-of-mouth, then later via a coordinated phone campaign.

After two months, the local business community took over many of these services through a newly formed Business Redevelopment Committee. About 18 months after the disaster, these services continued through the Kansas Small Business Development Center (KSBD) at the new Business Incubator, along with a new Revolving Loan Fund (funded by USDA RA) at the Kiowa County Development Corporation.

### Financial Support from Local Banks

Local banks were up and running the week after the disaster, thanks in part to a pre-existing disaster plan developed by the American Banking Association. The banks offered residents affordable loans with as low as



2.5% interest. They also administered small, working capital loans that were guaranteed to businesses by SBA and USDA.

## Communication

Before telecommunications could be restored, Greensburg relied on several methods of communication within the community:

- **Community Meetings** –Community meetings led by local government officials started a week after the tornado and continued weekly under a large tent with typical attendance in the 400-500 person range.
- **Weekly News Bulletin** – A county office printed a weekly “Yellow Sheet” with a list of community resources, including a list of businesses that were either operating or planning to re-open, available financial services, and a list of upcoming community meetings. The flier was distributed and posted in convenient locations throughout the town.
- **Texting/SMS Service** – Established by a local resident, residents and business owners were encouraged to sign-up for this texting service after the disaster so they could frequently receive community recovery updates, particularly regarding community meeting information.
- **Phone Campaign to Identify Businesses that Would Remain** – This effort identified which businesses would remain in Greensburg, connected them with existing resources and encouraged them to re-establish themselves in the community.

Greensburg officials and community leaders communicated externally to outside groups through these methods:

## Advocacy and Education through State and Federal Government Channels

- Senator Roberts happened to be in the area when the tornado struck and was in contact with President Bush even before the Governor’s emergency declaration request was sent out—this proactive approach sped up the process.
- Leadership of town government officials - constant and aggressive communication from city officials like Mayor Bob Dixon and City Administrator Steve Hewitt helped Greensburg maintain local control of the recovery process and get funding for specific projects like the Business Incubator.
- Business leaders also lobbied local and federal officials to direct funding where it was needed, such as rebuilding the John Deere Dealership, one of the town’s largest employers.

## Fielding Media Calls & Quickly Responding to Information Requests

On the morning after the tornado, Steve Hewitt walked up to a CNN van and gave an impromptu interview, telling the country, “We’re going to rebuild.”

Greensburg projected a unified message: “We got together as community leaders to make sure we were all on the same page. Then, any time someone was willing to listen, we had a unified message,” says Hewitt. Featured through countless news outlets, the leaders of Greensburg told their story to anyone who would listen.



Culminating in a reality television show, the publicity brought huge corporate sponsorship for the projects, like Frito Lay's donation to help build the SunChips® Business Incubator.

Taking the message abroad: Local officials and business leaders traveled to attend sustainability conferences and participated in webinars, telling Greensburg's story and often garnering donations of sustainable products like dual flush toilets.

## Capacity Building for Recovery

### Effectively Using NEG Grant for Economic Recovery

An initial National Emergency Grant (NEG) through the Department of Labor helped Greensburg retain some of their workforce by paying for cleanup jobs and allowed the hiring of some additional government staff.

An extension of the NEG passed through the Kansas Department of Commerce funded the creation of a new county economic development office, Kiowa County Development Corporation (KCDC), and a two-year executive director position to lead the organization beginning in January 2008. This office was created to strengthen Kiowa County's existing economic development delivery system through small business assistance, business attraction, and the eco-industrial park management.

### Establishing a Business Incubator

Originally identified as a goal in the Long-Term Sustainability Plan, the project was targeted because of its potential for high recovery value. Recommendations for launching the incubator included developing criteria for small business inclusion, engaging design professionals developing small business technical assistance with Kansas Small Business Development Center, and hiring a staff person to provide project and program support.

Built and owned by the city, the project is designed to help entrepreneurs by offering a workspace with modest rent. The incubator concept comes with an understanding that the entrepreneur is expected to eventually leave. The facility is at capacity, having attracted 10 lifestyle entrepreneurs. At least two businesses have graduated from the incubator and begun operating independently: a coffee shop and a glass-making gift store.

The incubator is funded through multiple sources. Steve Hewitt testified before Congress and was successful in his request for USDA Rural Development funds to help build the incubator to LEED Platinum standards. Hewitt also brought his case to several corporations, eventually securing additional funding from Frito Lay. Finally, actor Leonardo DiCaprio, whose production company oversaw a reality show about Greensburg, personally covered the remaining expenses.

Building to the high LEED standards posed a new challenge for local contractors. While the demands were costly and time consuming, the construction of the LEED Platinum building provided valuable skills that workers carried over to many other construction projects in the town.





### **Building Capacity for Business Recovery**

The committee mentioned above was chaired by the Estes brothers and Scott Brown, and used Brown's Auction House as an office. Operating entirely on donations from local businesses of time, money and labor, the BRC connected local businesses with each other and to government agencies and funding.

They eventually formed a 501(c) 3 called Kiowa United. The corporation collected local donations—but never any government funding—to construct the Kiowa United Building 18 months after the disaster. The building was constructed quickly and inexpensively, but still ascribed to green building standards. It offers affordable rent to businesses, some of which graduated from the business incubator. As of 2012, Kiowa is at capacity, housing 13 local lifestyle businesses.

The BRC is now known as the Greensburg Chamber of Commerce, which continues to work closely with KCDC. The Chamber provides inexpensive marketing services to its members and acts as a liaison between the business community and local government.

### **Business Incentives**

"It was seen that though Big Boxes can handle disasters alright, Mom and Pops needed help to get started again. And honestly, mom and pops are the backbone of our economy. Otherwise, the town would fail. Though stimulus has become a dirty word in many circles, this is exactly what was needed. Not blind dollars, but personal local control over the stimulus. Federal resources were helpful and plentiful, but it was the local control that made things happen. The federal government is not in the local recovery business."

"Any incentives you offer are risky, but in a situation like this, you really have little choice but to take some chances," says Steve Hewitt, former City Manager for Greensburg. One incentive offered was a 90% tax abatement on any new construction, residential or commercial. The incentive decreases over 10 years until returning to full payment. The State of Kansas also helped by offering a 10% rebate on the total cost of construction for any building in the disaster area.

"Some were concerned about how we could afford to run our government. But really, if nobody would build, we wouldn't have any revenue anyways. It was a risk we had to take," says Hewitt. Funding from various government sources helped to fund local government operations until revenue was able sustain services. But getting that funding wasn't easy. "There was always money available for hiring people to pick up debris. But when we would ask for some funding to help cover the cost of a secretary or an economic development professional, they would say no." Eventually, with help from state and federal representatives, funding was released.

Within three years, revenues were sufficient to cover expenses. Part of this is because of the increase in property values, which have doubled since the tornado.



## Implementing the Green Vision

### Green Building Standards and Regulations

Following the recommendation of the Sustainable Master Plan and with technical assistance from the National Renewable Energy Laboratory (NREL, a branch of the federal Department of Energy) Greensburg developed a set of green building standards. Despite a public vote to move ahead with a green model, many continued to challenge city officials when they saw the price tag of proposed projects—an added 3-7% to building cost over traditional construction. It would be 18 months before new construction began on Main Street.

The pressure to rebuild quickly was high, and with NREL's help, the City made clear economic arguments that eventually won over the business community and most citizens:

- Lot placement, positioning, and the design of windows to use passive energy is critical, and requires no fancy technology.
- New green buildings are expected to save as much as 40% on energy bills, leading to long-term savings
- The city offered a 90%, 10-year tax abatement on new buildings

In addition to its building practices, Greensburg purchases renewable energy credits from privately operated windmills near the city. "The city is 100% powered on renewable energy," says Mayor Dixon, "with many buildings such as the hospital and school having their own windmills." Further, the city adopted an ordinance requiring all city buildings to be built to LEED standards. As a result, Greensburg has the most LEED certified buildings per capita in the world.

## Long-Term Economic Strategies: Eco-Park and Tourism Revitalization

### A Vision for a 'Green' Industrial Park

Seeing a need to diversify Greensburg's economy, local government and economic development officials secured city funding to build an Eco-Industrial Park. The project was controversial, as many citizens and some government officials balked at the high start-up costs with no guarantee for success. The park was built on the underutilized site of Greensburg's former municipal airport, which was ideal due to its easy access to US-54.

Because of the Eco Park's long-term economic potential, the GSCP recommended conducting feasibility studies for a future airport location and expansion. In August of 2010, KDOT awarded Greensburg \$76,000 to complete a feasibility study considering an upgrade of the airport to handle industrial capacity. In May 2011, the Kansas Airport Improvement Program awarded Greensburg \$380,000 to replace the Greensburg Airport. Greensburg must provide \$42,223 to complete the project.

The Eco Park is managed by Kiowa County Development Corporation (KCDC), which offers a variety of incentives designed to attract new business:

- 10-yr., 100% property tax abatement (for manufacturers)
- Street development to site
- Free site studies and plan reviews



- Waiver of building permit costs
- Assistance with low-interest loans, state incentive programs and qualification for tax credit programs
- Workforce development programs through the Kansas State Department of Commerce.

Capitalizing on relationships made during the recovery process, KCDC has secured a new tenant and two prospects:

- German green-building company, HIB, which will build its first North American manufacturing and training facility at the park
- A Biomass testing facility
- A solar energy company.

### Big Well and Eco-Tourism

The Big Well is the largest hand dug well in the world, and has been Greensburg's main tourist attraction since it was built in 1887. Located near the Big Well is a 1,000-pound pallasite meteorite that was found near Greensburg. The two attractions were located in the same facility until the tornado struck in 2007.

The Big Well was identified as one of the focal points to regaining tourism in Greensburg both in the LTCR Plan and the Economic Development portion of the Master Sustainable Plan. As a connection with the past and a draw to Main Street near local shops, the Big Well tourism museum is one of the highlights in the city's economic development plan.

The city plans to build a new \$3 million facility funded by FEMA, USDA, donations, and a citywide half cent sales tax. The facility is planned to help attract tourists to the city and help local businesses. Using a grant of \$400,000 to pay for the original design study, a proposal was created by architecture firm BNIM. The building is finished and had its grand opening in May 2012, the fifth anniversary of the tornado.

Additionally, as suggested in the Master Sustainable Plan, Greensburg is leveraging its fame and identity as a "living sustainable laboratory" to draw eco-tourists. Greensburg GreenTown's "Chain of Eco-Homes" project has held design competitions and solicited eco-product donations to build a series of model green homes that will also operate as bed-and-breakfasts.

### Summary

With a new green manufacturer set to open in the Eco Park and a revitalized tourism industry showing positive signs due to the imminent opening of the new Big Well Museum and chain of Eco Homes, Greensburg is on its way to diversifying its economy. The city's burgeoning green initiatives, and quality amenities associated with them, are drawing new residents. While it will take many years to fully assess Greensburg's recovery, local residents and officials are bullish. They say their biggest problem now is keeping up with demand for *more* retail space and housing!



Greensburg's recovery efforts, now five years in the making, focused on resiliency by building back stronger and more sustainable and by working to diversify and grow the local economy and reverse the trend of population loss endemic to small agricultural towns. The resolve of local residents, business owners, and public officials, coupled with assistance from multiple funding sources, demonstrate that in the wake of disaster can lay new opportunity. Thanks to creative visioning and calculated risk-taking on the part of its citizens, the winds of change now appear to be blowing in Greensburg's economic favor.

## Case Study 5: Restoring Tourism Assets in Charleston, South Carolina after Hurricane Hugo (1989)

### Community Profile

Located on the eastern coast of South Carolina, Charleston has a rich history that stretches back to colonial times. It is well-known for its charm, Southern tradition, and abundant historical landmarks and attracts nearly four million visitors each year. Charleston is the second most populous city in South Carolina, with almost 125,000 living in the city and 659,000 in the metropolitan statistical area. Tourism is the Charleston area's top industry and accounts for \$2.8 billion in annual economic impact and \$1 billion in industry employment.

### Disaster Impacts

In September 1989, Hurricane Hugo swept up the east coast from the Caribbean. As it hit the Carolinas, the eye of the storm was directed at Charleston Harbor, where the storm did extensive damage both to Charleston and its neighboring suburbs. Although the most devastated areas were outside Charleston, the wind and water impacted low-lying areas within the city such as the historic downtown area. Approximately three-quarters of the 3,500 buildings within the historic district were damaged with about 20 to 25 historically significant buildings experiencing severe damage. In total, about 50,000 people were still homeless after a week, and many more were left without electricity, water, and food, which took a month to fully restore. Hugo caused a total of \$2.8 billion in damage in the city of Charleston alone.

While hotels were operating at capacity the first four months because of the cleanup work, these "visitors" failed to provide critical revenue for the community, such as visiting historic sites and tourist attractions, high-end restaurants, and retail shops. However, due to rigorous recovery efforts, the following tourism season was launched successfully. Charleston carried out its annual tour of local historic homes even as the city continued to rebuild.

### Tourism Recovery Efforts

#### Developing a Post-Disaster Taskforce to Address Tourism Issues

In the wake of the disaster, a local hotel manager, a retail business owner and a tourism video producer launched a task force to "Save the Season"—an initiative to save the 1990 season's tourism business. Prior to the hurricane, Charleston tourism stakeholders—retail owners, small businesses, and others—were relatively autonomous. The task force rallied approximately 40 stakeholders who met on a weekly basis to discuss



recovery priorities. Joseph Riley, Mayor of Charleston, and John Bourne, Mayor of North Charleston, met with the group and heeded its counsel to prioritize cleaning up the visitor-heavy Charleston Market Area. The task force eventually integrated into the Charleston Convention and Visitors Bureau (CVB) as the Travel Council, which became the bureau's private-sector marketing fund as the CVB took over long-term, comprehensive recovery efforts.

### **Reallocating Tourism Dollars to Address Perception Issues**

Once recovery on the ground began to stabilize, the Charleston CVB launched a public relations campaign with the motto, "We're Going Strong." The Oprah Winfrey Show was televised from Charleston to raise money for recovery, and Mayor Riley appeared on the show wearing a t-shirt that said "Charleston, SC: WE'RE GOING STRONG." The key was to dispel the notion that damage was more extensive than it actually was. For instance, the national media would portray a collapsed building (which had already been in disrepair prior to the hurricane), while the building in the adjacent lot had suffered only minor damage from the storm. The CVB found that the most effective method of correcting extreme perceptions was to counter image-for-image. Ads ran on public information channels and in print media, displaying tourists seeing and enjoying local attractions. Today, tourism organizations are employing even more immediate technologies such as web cams, live feeds, blogs, and social media.

The "We're Going Strong" campaign was funded primarily by CVB reallocations from that fiscal year. The South Carolina Department of Tourism contributed a \$100,000 grant to be matched by the CVB as well as another \$50,000 outright. Charleston also received a \$100,000 grant from the U.S. Travel and Tourism Association (USTTA) for international marketing, and Coastal South Carolina USA received a \$500,000 USTTA grant. These funds supported the campaign between October 1989 and February 1990 to encourage tourism in the coming spring season.

### **Cooperating on a Regional Level**

As tourists are drawn to attractions regardless of municipal lines, a central component in Charleston's marketing efforts was regionalism. Charleston CVB represents nine different jurisdictions, including Charleston County. These groups worked together to form a recovery task force as well as to pool funds for regional marketing. Promoting the region provided a synergy that offered tourists the best possible range of activities. For instance, visitors can explore the cultural appeal of Charleston's historic downtown and cross over to one of Charleston's barrier islands to enjoy its beaches. The CVB determined that in regional marketing, the whole is often greater than the sum of the parts.

### **Proactive Leadership from both the Public Sector and Community**

One of the main factors that shaped the recovery process in Charleston was proactive leadership. Mayor Riley worked to coordinate recovery resources and to maintain an active presence in front of the media—local, regional, and national—to provide accurate information and to promote the city and the region. The CVB president also provided strong leadership in coordinating the "We're Going Strong" campaign and in working with local leaders to remove obstacles to tourism. In addition, industry volunteers were critical in organizing the task force and maintaining momentum in the guidance of recovery efforts.



### Prioritizing the Rebuilding of Unique Cultural Assets

Charleston's leadership worked together effectively to channel the use of recovery resources and funds to build back the community and attract the return of both residents and revenue-generating tourists. In the words of Mayor Riley, "Boiled down, our philosophy about tourism is that all decisions for a city should be made with the resident in mind first."<sup>152</sup> The focus on improving the quality of life and meeting the needs of residents often translates into an attractive place for both residents and visitors.

The Board of Architectural Review (BAR) had a strong vision for how many of the historic properties should be rebuilt in the historic districts. It formed a preservation consortium with the Preservation Society, Historic Charleston Foundation, the Charleston Museum, the southern regional office of the National Trust for Historic Preservation, and city planners. This consortium provided critical leadership to oversee the renovation work, realizing that insurance payments would help fund much of the needed repairs. To maintain authentic, historic design elements in the properties, they even brought in artisans from France to repair sleigh roofs. In addition, the injection of insurance payments allowed residents not only to restore but also to update homes, improving the quality of neighborhoods overall.

### Summary

Prior to the storm, Charleston had been experiencing gentrification of its poorer neighborhoods, development of its suburbs, and revitalization of its barrier islands at destination locales. Hugo, however devastating, presented the opportunity for Charleston to accelerate its urban renewal efforts. Insurance payments and a clear vision created what some locals refer to as the "Hugo Effect"—forced urban renewal. Said Mayor Riley, "without any question, this city emerged from the recovery stronger, more beautiful, and more economically vibrant than it was before."

## Case Study 6: The Economic Recovery of Grand Forks Following the 1997 Red River Flood

### Community Profile

Grand Forks, North Dakota (2010 city population: 52,838) is a Midwestern city located in the flood prone Red River Valley. The city lies approximately 70 miles north and upstream of Fargo, and roughly 150 miles south of Winnipeg, Manitoba (Canada). Grand Forks, North Dakota is separated from its twin city East Grand Forks, Minnesota by the Red River, and both cities as well as the immediate surrounding plain comprise the Greater Grand Forks area (2010 MSA population: 98,641).

The Greater Grand Forks region was a noted fur trading area between Winnipeg and St. Paul beginning in the mid 19th century, and with the advent of the steamboat, the newly settled town of Grand Forks, North Dakota

<sup>152</sup> [www.nola.com](http://www.nola.com/speced/ruinandrecovery/t-p/index.ssf?speced/ruinandrecovery/articles/charleston.html) (2005, December). Retrieved from <http://www.nola.com/speced/ruinandrecovery/t-p/index.ssf?speced/ruinandrecovery/articles/charleston.html>





became an increasingly important center of commercial activity for traders traveling up and down the Red River beginning in 1870. Soon thereafter, the city's newly established linkage to two major railroad networks enhanced its geographic accessibility and helped establish the city's economic base, which included a formidable sawmill industry. An influx of immigrants, many of whom arrived from Scandinavia, helped mold the character of the city and strengthen its longstanding agricultural tradition which includes wheat farming and the related invention of the widely popular "Cream of Wheat" breakfast food. These factors as well as the founding of the University of North Dakota in 1883 helped the city to grow in importance and experience some degree of economic prosperity for the next several decades.

The establishment of the Grand Forks Air Force Base in 1956 bolstered the city's population as well as its retailing industry, which would be at its healthiest in the 1960s and 1970s. While research, defense, and manufacturing have been significant components of the local economy, by the 1990s the city's economy would begin to feel the effects of military downsizing as well as the ongoing farm crisis. In addition, the flood prone Devil's Lake Basin in the northeastern part of the state, an important part of the city's trade area, would experience a depopulation which would impact the Grand Forks commercial base. Immediately before 1997, the city's economy was sluggish as its taxable sales base grew at a slow rate that was outpaced by inflation, the University of North Dakota's enrollment was in decline and the city's population had even dipped from its peak in 1994. In recent years, Grand Forks has built a stronger and more diversified economy, and has emerged as a model city in terms of post-disaster economic recovery.

## Disaster and Impact

The disaster that befell Grand Forks in April of 1997 was statistically determined to be a 210-year flood. Heavy ground-saturating rain in the fall of 1996 and record snowfall in the winter of 1996-97 occurred in both Grand Forks as well as Fargo upstream. Because of extreme conditions that prevented the temperature from remaining above freezing for nearly four months, April thawing helped induce the flood that would overwhelm greater Grand Forks. Up until April 16, the National Weather Service had predicted a Red River cresting of 49 feet, a level perceived to be manageable based on the perceived capabilities of the city's dike system and the 3.5 million sandbags installed by residents, Air Force personnel, and volunteers around the downtown Red River area. The river crested to over 54 feet by April 21, however, and would not fall back to 49 feet for nearly a week. Over 75% of the city would be submerged, and a major fire triggered by the flood would burn for more than a day in the downtown area. Evacuations called for by Mayor Pat Owens helped prevent the loss of life, but the economic toll of the flood was substantial.

Estimates vary, in part because of the inherent difficulty in obtaining reliable assessments in the wake of a disaster. Based on pre-flood tax estimates and post-flood on site inspections conducted by FEMA and other agencies, the greater Grand Forks area was estimated to have suffered a total of \$3.5 billion in damages (\$5 billion in 2012 dollars), with the city itself suffering nearly \$2 billion. Influenced by the 49-foot flood level prediction of the National Weather Service, less than 10% of residents purchased flood insurance, and it took nearly four months before the floodwater receded to a level that allowed residents to return to thoroughly examine the damage. The central business district bordering the Red River suffered the greatest physical



damage, but the entire area suffered significant economic damage. Eleven historic buildings and 60 apartments in or near the four-block downtown area were destroyed by the fire and a total of 750 commercial buildings were damaged, accounting for over 60% of its commercial building stock. An estimated 75% of homes, 315 businesses, and 16 local schools were flooded, while over 5,200 businesses were damaged or adversely impacted by the flood through the loss of inventory and/or the immediate loss of its labor and customer base.

### Efficiently Using HUD CDBG Funds

The economic recovery of Grand Forks was made possible largely because of the city's access to and efficient use of federal funds, the most prominent of which was the Community Development Block Grant (CDBG) assistance provided by the U.S. Department of Housing and Urban Development (HUD). The impacts of this disaster, which left the vast majority of the community effectively homeless and unemployed, enabled the city to work within the community poverty and hardship guidelines attached to the use of these funds. With over \$171.5 million in CDBG money awarded to it within three years of the disaster in 1997, the Grand Forks community was able to finance a number of recovery initiatives that helped restore the city's economy in the long term. CDBG funds were used to partially finance a \$410 million flood protection system, directly providing \$10 million in assisting businesses, various gap financing uses to help to secure loan funds, purchasing strategic city properties, funding repairs, and even in hiring personnel to help plan the recovery, among other uses.

### Establishing an Organizational Structure for Economic Recovery

From the very beginning of the post-flood planning efforts in the spring of 1997, civic leaders almost invariably viewed Grand Forks' economic recovery as a critical issue to be considered within the broader context of the community's overall recovery. While the restoration of basic infrastructure would dominate immediate recovery efforts, the economic revitalization of Grand Forks was planned with short-term and long-term recovery phases that were related to other significant aspects of the community's recovery. The coordinated nature of the community's recovery efforts is evidenced by the city's post-flood organization, overall recovery strategy, the communications operations employed, and the major initiatives undertaken to restore Grand Forks' economy.

In April 1997, Pat Owens, the mayor of Grand Forks, recognized that critical technical expertise in addition to a substantial amount of federal aid was necessary in order to be able to plan and implement a successful recovery. While Mayor Owens (referred to by many as “America's Mayor” at the time of the flood and fire) was a personable public figure who had the skill set necessary to enlist the support of the federal government in terms of acquiring a significant amount of financial assistance, both she and a number of federal officials (including officers from HUD) astutely recognized the fact that she lacked the technical expertise to comprehensively administer the recovery effort.

### Tri-Chairs

Mayor Owens promptly appointed a “Tri-Chairs” committee of civil servants to respectively oversee the financial, public works, and community planning aspects of the recovery. The mayor and her council deferred heavily to this committee of three, which collectively had the authority to manage the city's recovery related



resources. Another function of the Tri-Chairs committee included the authority to set the agenda for recovery. Agenda items included setting prioritized goals and proposing steps and potential funding sources in order to achieve those goals. While in the first year following the disaster, the Tri-Chairs worked fairly closely together, in subsequent years the Tri-Chairs worked more independently as both the city's recovery goals and their respective responsibilities became more precisely defined.

### **Business Redevelopment Organizations**

The city's business community was a willing and proactive participant in the economic recovery process because its leadership recognized the importance of having its concerns addressed as well as the importance of lending its expertise to the recovery process. Within days of the disaster, a group of prominent Grand Forks business leaders approached the mayor in order to volunteer their services with respect to the community's economic recovery effort. The Mayor's Task Force on Business Redevelopment was quickly convened with a membership of 15 prominent businessmen. These leaders relied on their experience in order to identify key issues to be considered during the recovery, which included eliminating bureaucratic recovery obstacles, workforce development and retention, the acquisition of funding access for business recovery, and the planning of the city's downtown area, among others. This task force held regular meetings for approximately six months after the disaster, at which point it was reformulated as the Downtown Development Commission. While the Mayor's Task Force on Business Redevelopment focused mainly on economic recovery planning during the critical early months following the disaster, the Downtown Development Corporation which succeeded it was largely focused on the ongoing long term implementation of the city's efforts as they related to the revitalization of the all-important downtown area.

### **Consultants**

Using Community Development Block Grant (CDBG) funds, HUD helped organize a team of consultants to facilitate the planning of each major aspect of the community's recovery. Many of these consultants were effective liaisons between HUD and the city, and the technical expertise provided by them helped the city to define its recovery goals. Among the consultants enlisted to provide technical expertise was a group from the Urban Land Institute (ULI), which in 1997 conducted an important weeklong workshop that presented ideas for recovery. An earlier two day long citywide "Re-Imagining Downtown" charrette convened by Mayor Owens was useful in terms of generating enthusiasm for redevelopment in the city. The ULI workshop was important because it generated its own practical ideas for redevelopment and refined some of the ideas bandied about from the earlier charrette, ultimately incorporating them into a plan for downtown-focused revitalization that would eventually be adopted to a significant degree.

### **Developing an Economic Recovery Strategy**

The Tri-Chairs committee and city officials generally agreed that the foundation of the community's recovery was based on three critical priorities, in order: flood protection, population retention, and business redevelopment. The events of 1997 demonstrated that without a reliable flood protection system in Grand Forks, the possibility of retaining the population and sustaining a vibrant community for the long term was very



low. Dependable infrastructure as well as a significant workforce and tax base were necessary prerequisites in order for a healthy and sustainable city economy to exist.

During its meetings in the spring and summer of 1997, the Mayor's Task Force on Business Redevelopment identified three priorities of economic recovery. The first priority was redeveloping the downtown area, which was inundated by floodwater but perceived to be the heartbeat of the city and the necessary focal point of future commercial and retail activity. The second and third priorities were to retain small business as well as the manufacturing sector, both of which were significant components of the city's pre-flood economy and compatible with the collective skill set of the community's population.

Beginning in the fall of 1997, the Downtown Development Corporation (DDC) succeeded the Mayor's Task Force on Business Redevelopment, and began working on a plan to implement the priorities for economic development by focusing on the revitalization of the downtown area. Important considerations that needed to be resolved included the amount of the downtown area that could and should be salvaged after the disaster, and how best to program the salvageable downtown area to stimulate commercial and retail activity. These considerations would depend on the location of the flood protection system and its components. The flood protection system planning process, led by the Army Corps of Engineers (ACE), would last three years until the official plan was finalized in 2000.

### Enhancing the Recovery Process with Effective Communication

City officials and consultants alike supported initiatives designed to enhance communication, which was ultimately necessary for the benefit of the community. Internal communication between administrators and external communication between the city and the public were components of the recovery process that helped the city progress in different ways.

#### Internal Communication

Hired consultants were among the most important facilitators of effective internal communication. Consultants paid with CDBG funds recognized the importance of sharing information and coordinating efforts between various recovery agencies, and to this end, helped organize weekly meetings and conference calls between representatives from various local, state and federal agencies focusing on different aspects of the recovery process. These meetings had the added effect of fostering a spirit of cooperation among various organizations, which was very important in the critical first months following the disaster. Members of the business community who did not have an official role in the recovery were often indirectly involved in this process by being consulted with after the coordinated meetings with official recovery personnel were held. These separate meetings enabled influential members of the business community to bring their perspective and input to the recovery process without unduly slowing down the planning process conducted by administrators.

#### External Communication

The city supported the establishment of a public information office in June of 1997 primarily in order to educate and inform the public. Before the communications staff was hired by the city, the mayor's office was inundated



with frantic calls pertaining to various issues related to the recovery effort. The new staff, which was originally intended to exist for two to three years, had a peak operating staff of seven full time employees and provided a centralized location to field incoming queries from concerned citizens. It also helped organize press conferences and publish newsletters to disseminate information to the public.

The slogan “New Normal” was consistently and repeatedly used by the public information office as well as by public officials in order to describe a desired end state of redevelopment. While the word “new” was used to acknowledge that the city would never be exactly as it was before the disaster, the word “normal” was used to signal to the public that life in the community would eventually return to normal.

One of the most important functions of the public information office was the regular reporting of recovery initiatives, which had a beneficial psychological effect on the community, particularly during the earlier stages of recovery. With regular announcements, the public information office enabled members of the community (including those citizens who were more prone to permanently resettling in another community) to be reassured that real and tangible progress was being made towards the city's redevelopment.

### Implementing the Strategy for Long and Short Term Economic Capacity Building

Many civic leaders feared that despite its efforts, Grand Forks could potentially lose more than 20% of its population to nearby Fargo or other cities. With the construction of a formidable flood protection system as a future goal, a concerted effort was made to retain the population, workforce, and existing businesses in the immediate short term in order to preserve the community and enable the tax base to be able to make a full recovery in the longer term.

#### One Stop Shop

The construction industry was one of the few industries that experienced a boom in the wake of the disaster. The intense reconstruction efforts associated with rebuilding the city stimulated two major process demands. On one hand, construction had to be performed in a manner that enabled labor and contractors to accomplish their tasks in an efficient and expedited manner for the public, and on the other hand, the citizens of Grand Forks had to be protected from a potentially unscrupulous influx of opportunists who were likely to commit consumer fraud in order to benefit from the situation at hand. By the end of April 1997, the city's Department of Administration and Licensing as well as the North Dakota Office of the Attorney General and other state agencies cooperated in order to create a “One Stop Shop” in order to both expedite and regulate licensing in the construction industry.

All contractors and their employers involved in repair or cleanup activities were required to have photo identification and to be vetted with an official background check. Contractors were also required to file bonding information, pay processing fees and to obtain unemployment and worker compensation coverage. By the beginning of July 1997, the point when the One Stop Shop was discontinued and regular licensing procedures were adopted again, nearly 550 new contractors were licensed and 2400 identification cards were issued to





their workers. In addition, the required background checks conducted during the vetting process produced roughly two dozen arrests for outstanding warrants.

### **Business and Labor Retention**

In order to enable as many local firms to stay in business as possible, a variety of assistance measures were used by the city. While all uninsured businesses that were adversely impacted by the flood were potentially in need of some assistance, smaller businesses that were not equipped to capitalize on the reconstruction boom were particularly vulnerable. While big box retail stores and many types of construction related firms were given limited or no assistance, a significant amount of assistance was made available to other small businesses with the use of CDBG, SBA, and EDA funding. CDBG money was used to offer existing businesses up to \$20,000 in disaster assistance loans to continue operating; it was also used to back SBA funds, which provided low interest loans to businesses as well as homeowners. Additionally, a \$2 million EDA revolving loan fund was made available.

CDBG funds were also used to create public works projects, which had a beneficial effect on the economy on multiple fronts. For example, a number of volunteering religious organizations were offered housing when CDBG funds were used to purchase a closed hotel building. The hotel was turned over to the religious volunteers, with the city paying for laundry and other minor expenses, and the new facilities enabled the number of working volunteers to substantially increase the amount of free labor provided to the city. A separate investment of CDBG funds helped to enhance the physical state of the city with the creation of \$10 per hour cleanup and repair jobs. These jobs were of critical importance because they helped to keep the labor force in town, and eventually, with the improving infrastructure and available labor, small businesses found Grand Forks to be an increasingly viable location to conduct business.

Industry was also supported with the creation of a major retention facility. The Noah's Ark industrial business retention center was created using \$2 million in HUD CDBG funds with \$5 million in EDA funds. The large capacity industrial building housed displaced small businesses in Grand Forks until 1999. Another \$2 million in HUD CDBG funds would be invested in a 120,000 square foot industrial park with 30,000 square feet of incubator space.

While a full recovery was years away, within six months of the disaster, basic infrastructure and services were restored to the community and business rebounded in many industries (although retail and service industries were still crippled). Instead of the 20% or greater rate of depopulation feared for Grand Forks, only 3% of the city's population was lost in the years immediately following the flood.

### **Flood Protection System**

Perhaps the most important and controversial decision made with respect to the community's recovery concerned the location of the levees and dike lines relative to the river. In order to protect the population from the Red River's discharge in the future, a large area of the surrounding floodplain had to be cleared in order to be able to absorb the overflowing water. This process would force the permanent displacement of a number of





downtown businesses and homeowners by prohibiting building on the “wet” side of the dike system. The decision of where to locate the “line” was essentially a compromise between long-term safety and preservation of the past. Many business owners strongly resisted the Army Corps of Engineers’ (ACE) plan to construct a system to protect the community from a 250-year flood, and there were a number of public officials who received threats (not always anonymous) from members of the community.

Despite some strong resistance from many affected stakeholders, the city's leadership accepted ACE's plan for a 250-year flood system which was finalized in 2000. In physical terms, the plan required that much of the downtown, 2200 acres of space (an area roughly two and a half times the size of Central Park in New York City), would have to be cleared. The city would ultimately use \$30 million of its CDBG money for residential property buybacks and another \$30 million in downtown investments.

The cleared area would become known as the “Greenway”, and it would contain notable public recreational amenities including park space, a camping area, and a golf course. The 250-year flood protection system would cost \$410 million, with the expense shared by Grand Forks, East Grand Forks, and the federal government. The State of North Dakota covered over \$50 million of Grand Forks' \$135 million portion of the cost. A combination of CDBG funds, a city sales tax, and a city property tax accounted for the source of Grand Forks' remaining \$84 million share of the flood system's cost.

Despite the resistance and obstacles necessary to proceed with the flood protection system, the final plan enabled the city to move forward. Businesses, residents, visitors and others could be assured that there was a plan in place that would ultimately enable the city to experience a “new normal” state of existence by 2007. With the flood protection system's boundaries clearly defined, an increased focus on revitalizing the commercially salvageable area of the downtown could be made.

### **Downtown Redevelopment**

With the final decision made on locating the flood system's boundaries in 2000, it was possible to strategically rebuild the remaining downtown area that was to serve as the heart of the city's commercial activity. The new downtown scenically embraces its proximity to the river and builds upon the aesthetic character of the historic downtown. The Downtown Development Corporation (DDC) intentionally favored selling city owned buildings for lower than market prices to restaurants, theaters, museums, and other land uses that were consistent with its image of the vibrant new city.

The city invested nearly \$30 million of its CDBG funding to revitalizing the 30-block central business district, including upgrades to the city's downtown infrastructure. Both HUD and FEMA funds were used to buy flood damaged commercial buildings and repair grants not exceeding \$230,000 were offered to renovate damaged buildings. The city also invested nearly \$12 million to build the multi-story Alerus complex, an office building anchored by First National Bank and major law and accounting firms. While commercial activity and inflation adjusted downtown property value assessments remained sluggish for several years, private investment began to pick up considerably after 2004.



## Building a Stronger Grand Forks: The Road to Full Economic Recovery

Grand Forks is in many ways a stronger city than it was before the disaster of April 1997. While it is clear that an event such as the Red River Flood of 1997 is not one that any community would want to ever have to experience for any reason, the disaster presented the community with a unique opportunity to rebuild the city in a way that is safer, more sustainable, and significantly more conducive to economic development. Grand Forks has successfully experienced what some public officials refer to as “forced urban revitalization”.

### Recovery Pains

After the frantic first few weeks following the flood and fire in Grand Forks, a spirit of unity and cooperation helped energize the community. Citizens, civic leaders, consultants, volunteers, and others worked together to restore the city's basic operating infrastructure within six months. The initial optimism resulting from the progress of the city during its initial stage of recovery would lead to heightened expectations that were difficult to fulfill. While city officials appropriated and spent CDBG funds within three years of the flood, it would take several years for many of the longer-term initiatives to bear fruit and produce a full recovery. The plan for the flood protection system as well as the official location of the dike lines on the floodplain would not be officially submitted until three years after the disaster, and the city's buyback program would require the use of eminent domain in certain cases due to the reluctance of the public to let go of their properties and businesses. It wouldn't be until 2007 when the city would finally have its flood protection system in place. Many public officials and citizens agree that a completed flood protection system was necessary for many residents and businesses to feel safe enough to invest both financially and emotionally in Grand Forks.

### A Stronger Grand Forks: 1997-2007

Despite the many challenges it faced, the city was ultimately successful in implementing its economic recovery strategy. By the time the flood protection system was finally completed, the city's economy was clearly growing and diversifying, as the population of the city proper and even the enrollment of the research intensive University of North Dakota both surpassed pre-flood levels well before the ten year anniversary of the flood.

Before 1997, the city's downtown was vulnerable to flooding, much of the downtown area was turned away from the river and the downtown retail and commercial sectors were sluggish. The new Grand Forks features vibrant retail and commercial areas that take full advantage of the river's scenery. Moreover, citizens and potential investors can now breathe easy during the spring thawing season due to the flood protection system, and businesses can now invest in the city with more confidence.

Before the flood, many potential tourists considered Grand Forks to be a drive-through city on the way to Fargo. The city's Greenway, which is comprised of 2200 acres of land that had to be “sacrificed” for the creation of the flood protection system, has helped to establish the city as a tourist attraction. Many visitors from Winnipeg, Manitoba (Canada) and other cities who would formerly pass through Grand Forks or only make short rest stops on the way to Fargo now see Grand Forks as a legitimate destination in its own right. These visitors enjoy the



public amenities the Greenway has to offer (including its camping areas, golf course, and park space) and now pump an estimated \$70 per person per day into the local economy, often extending visits to two or more days.

The city efficiently used its funding to retain the population and businesses, and with wise investment and strategic rebuilding, it gradually led its city to the “new normal” state repeatedly and consistently referred to by public officials. By 2000, overall employment and aggregate revenues were growing at a faster rate than immediately before April 1997. Service industry employment surpassed pre-flood levels in 2002 and restaurant and retail employment met pre-flood levels four years later.

The CDBG and EDA funded industrial park, as well as other incentives, bore fruit with respect to the manufacturing sector. In 2006, the industrial sector in Grand Forks, which traditionally benefits from the research activity of the University of North Dakota, the defense related activities associated with the Grand Forks Air Force Base, and the presence of companies such as turbine blade manufacturer LS Glasfiber, reached a historic peak in jobs by accounting for over 4000 employees within the city.

## Summary

The economic recovery of Grand Forks following the 1997 Red River Flood was possible because in the critical early stages of the disaster, Grand Forks was able to secure a significant amount of federal funding as well as the technical assistance and organizational structure necessary to be able to efficiently leverage its resources for the immediate and long term benefit of the community. With the use of creative financing techniques and strategic investments of its CDBG funds as well as other sources of assistance, the city was able to retain its residents and businesses while it transformed itself into a safer, revitalized and more economically diverse community in the long term.



## Case Study 7: Neighborhood Revitalization Post-Disaster, Czech Village / New Bohemia, Cedar Rapids, IA

### Community and Neighborhood Profile

Cedar Rapids, Iowa, the second largest city in the state, is located in the central area of eastern Iowa. With a population of 126,000, the city is the core of the growing Cedar Rapids, Iowa Metropolitan Statistical Area (MSA), which represents three counties with a population of 256,324 people.

In the City of Cedar Rapids, located immediately south of downtown, is the Czech Village / New Bohemia Main Street District. This district is comprised of two sub-areas physically separated by the Cedar River. On the East bank of the river is the New Bohemia neighborhood and on the West bank is the Czech Village neighborhood. Both areas feature a business district with New Bohemia's focused around Third Street SE. The area is recognized as the Bohemian Commercial Historic District by the National Register of Historic Places and is known for its unique artistic and business community.



**Czech Village / New Bohemia Main Street District, Cedar Rapids, IA.**

Source: Google

The area has a rich cultural history of Czech, Moravian and Slovak immigrants and their descendants since the turn of the century. Prior to the flood, the neighborhood wasn't seeing the growth it has seen recently and faced an increasing number of vacant buildings and properties. Additionally, the area was facing identity issues with the two sub-areas of the district not seen as one, but two separate areas.

### Disaster Impact

In June 2008 the Cedar River, which runs through the heart of the city and borders downtown, crested at 31 feet in an area with a 12-foot flood stage, surpassing the 500-year flood plain and the previous flood record by 12 feet. This epic flooding impacted 10 square miles of Cedar Rapids, Iowa, or 14% of the city, and caused an estimated \$3 billion in damage. Part of the area flooded was the 40 blocks that make up the Czech Village/New Bohemia Main Street District (CV/NB Main Street), which experienced between 8 and 15 feet of flooding throughout the entire district. Many of the small businesses in Czech Village were essentially wiped out.

### Neighborhood Recovery and Revitalization

Recovery from a disaster for any neighborhood is challenging, but recovery for a neighborhood that was in decline before being impacted presented another set of challenges. What makes the district unique is that they recognized an opportunity to recover and to also revitalize and strengthen the quality of life within the neighborhood. Key players included the City of Cedar Rapids, the Czech Village/New Bohemia Urban Main Street



District (CV/NB Main Street), the historic preservation group “Save CR Heritage”, the National Czech & Slovak Museum & Library, Czech Village Association, The New Bohemia Group, developers, and community residents. Key assets that opened and acted as a catalyst in recovery include the NewBo City Market (discussed in length later in this profile) and the National Czech & Slovak Museum & Library.

This area of Cedar Rapids has a rich history and working to preserve this and provide a sense of place lets the district stand out amongst other neighborhoods. The emphasis on historic preservation, loyalty to the Czech heritage and history of settlement, continuing the “Bohemian” culture of arts, entertainment, and grassroots community involvement are all part of what makes the district unique. The neighborhood culture of empowerment of the individual to express their skills, whether they be culinary, musical, fine/performing arts, literary, antiques etc., leads to a unique mix of one-of-a-kind businesses that make the district a destination as it continues revitalization.

### **Using the Main Street Program as Framework for Recovery**

CV/NB Main Street was first discussed pre-disaster but wasn’t established until 2009. Working with Main Street Iowa’s established framework of revitalization, the original CV/NB Main Street board of directors modified it for disaster recovery efforts. An additional benefit from establishing a Main Street program, aside from state resources, included resources from the City of Cedar Rapids, who granted \$50,000/yr to the program for 3 years as part of their flood recovery efforts. The program also was able to work with a local company to secure \$75,000 for a facade improvement program. Several property owners also benefited from \$50,000 Challenge Grants available through Main Street Iowa. Using this funding and other grants, the Main Street program has helped leverage an additional \$17.4 million in private investment for rehabilitation through 2012.

### **Filling the Gaps in Historic Neighborhoods**

The city of Cedar Rapids played a role in recovery of historic properties, many of which are located in a 100-year floodplain in the district, by changing state redevelopment guidelines. Initially, state guidelines prevented the redevelopment of flood-damaged properties within the 100-year floodplain that were purchased with federal funds. Working with the Iowa Economic Development Authority, the city of Cedar Rapids noted the importance of filling the gaps in historic neighborhoods, prompting an exception to the rule.

### **Marketing Vacant Space and the Neighborhood for Redevelopment**

One way to fight the increase of vacant properties post-disaster in an already vacant property-saturated area is through increased marketing efforts such as property tours. CV/NB Main Street, in partnership with the historic preservation group Save CR Heritage, advertised in various media outlets the opportunity for tours of vacant properties in the district. Attendees included developers and the general public and raised awareness of the available properties and the redevelopment progress of the neighborhood.

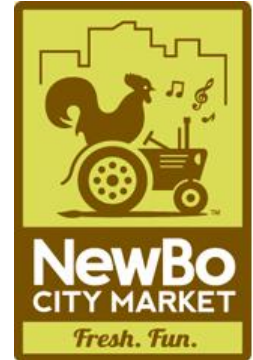
Another additional notable project was an effort between CV/NB Main Street and the local cable company, OnMedia. CV/NB Main Street negotiated to provide discounted commercials to neighborhood businesses. Additionally, before these commercials aired a blurb about the district appeared, benefiting both parties.





### Learning from Partnerships

CV/NB Main Street also benefited by learning from cities that reached out to them post-disaster. The city of Minot, North Dakota, experienced similar damaging floods and post-flood contacted the city of Cedar Rapids offering to share their experiences. Leaders of the Main Street Program learned tips about working with FEMA and experiences working in a recovering government. They also learned how to work with funding shortages when it comes to immediate relief. The director of the Main Street Program noted this was very useful and said it helped prevent “reinventing the wheel”.



### Retail as Catalyst for Revitalization – NewBo City Market

Opening post-flood in October 2012 and occupying a whole block, the NewBo City market is seen as a catalyst of redevelopment. The market idea originally started with a group of four women who were sitting around a table in the middle of March and noted they needed a community gathering place to visit. The idea of a public market developed that would be open year round was birthed. The group of women brought this to the city for help in the development. The city saw this as a valuable tool for economic development and incorporated funding from flood recovery for initial development.

The city hired Projects for Public Spaces, an international consultant, who toured the city and helped in site selection. They chose the site in the district because of a variety of factors, including the ability for it to spur redevelopment in the post-flooded neighborhood and the ability to rehabilitate a damaged industrial building. From this, a fundraising campaign kicked off and gathered support from the city, county, state, Solid Waste Agency, local foundations, and many more community donors.

The NewBo City Market today is a dynamic public space that provides space for 24 local entrepreneurs of fresh and prepared food, products, and experiences. Before the market opened there was plenty of entrepreneurial interest with over 300 applicants for 24 vendor spots according to Ann Poe, the market’s executive director. Acting similar to a business incubator, part of the mission of the market is to grow entrepreneurship. They support the vendors with marketing and retail assistance and below market rental rates of the vendor spots. The market hopes their vendors will outgrow their space and move into the district and community. Poe noted over 22,000 people visited on opening weekend, and they have averaged 1,000 people on Thursday nights and 6,000-8,000 on the weekends in the months following. These numbers should increase during the growing season of spring and summer when the outdoor farmer’s market component is open.

This sheer increase in visitors has increased the foot-traffic and sales of businesses in the district. A nearby business owner noted, "We've seen an increase of customers coming in that didn't even know we were here, and I've been down here for 13 years...The market has doubled business on the weekends".<sup>153</sup>

<sup>153</sup> NewBo City Market Spurs Growth at Surrounding Businesses (2012, November 8). *KCRG-TV9/Local News*. Retrieved from <http://www.kcrg.com/news/local/NewBo-Market-Spurs-Growth-at-Surrounding-Businesses-178024451.html?m=y&smobile=y>





While the market is only a few months old, the revitalization potential has been witnessed by multiple businesses. After the first two weeks of the public market being operational many surrounding businesses in the district noted they are looking into to extending their hours to match the market's hours and catch more of the traffic it generates.

Being still young, the market sees a bright future for the neighborhood and the market itself. Poe noted the market is a great example of a community pulling together to create a catalyst for not just the district's future, but also the community's future.

## Planning for the Future

The CV/NB Main Street program is focusing on continued redevelopment of the district and started in late 2012 gathering public input for a revitalization plan. Jennifer Pruden, Executive Director, said the revitalization strategy will guide future business growth and development within the historic district. The creation of a Revitalization Strategy has been made possible by a network of dedicated community members and neighborhood stakeholder groups. Additional consultants from Main Street Iowa and Downtown Professionals Network will conduct an in-depth analysis of market trends and demographic information to guide business recruitment. The \$100,000 price tag of the studies and plan will be funded by in-kind services, private donations, the local Main Street Program funding, and future grants.<sup>154</sup>

## Summary

The revitalization of the Czech Village/New Bohemia Main Street District has taken many efforts from various agencies and is ongoing. A significant part of successful flood recovery efforts has been the individual, incremental impacts of many different players that, working together toward a common goal of revitalizing this district, make a monumental difference.

CV/NB Main Street's primary role to seek available resources that make it possible for these individual, incremental projects to happen by helping fill in the gaps has been a valuable asset. All of this provides a sense of place and, by creating a revitalization strategy, CV/NB Main Street is ensuring continued growth within the desired guidelines for the district in its journey from an industrial declining neighborhood to a thriving arts and cultural district.

## Case Study 8: Beacon of Hope (BOH) Resource Center

### Background

Hurricane Katrina devastated New Orleans, LA with a storm surge on August 29th, 2005 that caused 53 levee breaches, flooding 80% of the city. With such widespread damage, one organization for neighborhood

<sup>154</sup> Revitalization strategy to develop vision for Czech Village/New Bohemia district. (2012, November 30th). *Cedar Rapids Gazette*. Retrieved from <http://thegazette.com/2012/11/30/revitalization-strategy-to-develop-vision-for-czech-villagenew-bohemia-district/#sthash.T0lrME9S.dpuf>



revitalization and recovery has emerged as a model of success. Beacon of Hope, since starting in one neighborhood, is now operated in 25 neighborhoods throughout New Orleans. Beacon of Hope (BOH) Resource Center formed as a nonprofit post-Katrina on February 14th, 2006. Denise Thornton, the founder, was originally providing her neighbors with assistance from her home (food, resources, communication services, contractor referrals, etc.). United Way, along with other foundations, heard of her activities and granted her funding to help sustain her activities. Beacon of Hope formed to provide neighborhoods with the structure and skills needed to revitalize their own communities.

### **Residential Engagement as a Model for Success**

Beacon of Hope's model for neighborhood redevelopment was first created organically and since has been organized into M.O.D.E.L., which is discussed later in further detail. This M.O.D.E.L. is a structure for which residents can engage in the recovery of neighborhoods, which is noted as the key to BoH success. These local residents are a viable tool in disaster recovery, and with a structure for them to get involved, success follows. Denise Thornton was originally on the ground just "doing" and as residents of the neighborhood saw her work and the workload she had, they began to take on parts of her work so she could concentrate on other roadblocks arising from the disaster. This evolved into the current M.O.D.E.L. Different teams of volunteers report in an organized manner to BOH and the government. Early on, Denise saw how many people were feeling helpless post-disaster. Training and structure to engage in recovery efforts allows neighbors to get involved and rebuild their neighborhoods and community together.

BOH started in one neighborhood, Lakewood, but by the end of the year Beacon had established 8 neighborhood Beacons, providing support to more than 7,000 households. This increase continued as neighborhoods noticed critical mass being achieved in communities where BOH was involved. These struggling neighborhoods would then seek out BOH to assist them in their neighborhood's recovery. BOH rarely has sought out neighborhoods since neighborhoods would come to them by word of mouth. When a neighborhood identified itself as needing redevelopment assistance (commonly to fight blight and abandoned properties, which BOH identified as the #1 deterrent to redevelopment) the organization would work to redevelop or develop a neighborhood association in the absence of one and implement the M.O.D.E.L.

### **The Need for a Strong Neighborhood Association**

The first neighborhood of Lakewood, which had a strong neighborhood association before Hurricane Katrina, had become fractured after the disaster. To bring the association back, several board members used their connections to bring together enough residents to begin meeting on infrastructure issues and power restoration. Word spread of these meetings and the numbers grew. Many of the services and resources needed by the residents were beyond the capacity of the association, and BOH was born. Working with the association and sharing information, BOH found that they could easily distribute information through a newly created block captain system and social media. BOH then implemented a volunteer coordination program to meet the needs of the residents.



If a neighborhood association didn't exist in the neighborhood, BOH would hold informational public events on recovery while simultaneously building the structure of a neighborhood association. These events were well attended since post-disaster citizens were looking for vital rebuilding information. From these public events, BOH solicits volunteers and identifies residents to form volunteer teams and core members to form a neighborhood association.

### **M.O.D.E.L.**

BOH staff trains resident volunteers in the areas of advocacy, governmental affairs, community relations and outreach, blight mitigation, flood mitigation and rebuilding resources. This MODEL empowers residents to facilitate their own recovery and revitalize their neighborhoods through:

**Mapping:** collecting, mapping, and analyzing neighborhood data.

**Outreach:** ascertaining the needs of community members.

**Development:** creating community and economic impact programs.

**Engagement:** ensuring residents are part of the solution.

**Leadership:** empowering residents to become community leaders.

### **Mapping to Fight Blight and Assist Local Government**

This part of the MODEL, mapping, shows how BoH was able to understand the issues at the parcel level of neighborhoods. This mapping differed from other condition surveys in that it engaged neighborhood residents to conduct the survey and ensure the quality of responses. BoH would train and deploy a volunteer survey team, lead by a survey captain, to go out and identify each parcel in the neighborhood and the progress of redevelopment (vacant, slab-vacant, non-gutted, gutted, renovating, and recovered). The 2006 neighborhood property condition surveys and maps were produced by hand, and results were discussed during community meetings to give residents an immediate picture of their neighborhood's recovery. Residents began to identify and report trouble areas to city authorities and act in a coordinated effort by utilizing the administrative structure put in place by the BOH.<sup>155</sup> This was a great start that allowed BoH to track blight and assist the city with code enforcement.

This data also became a powerful tool of advocacy for neighborhood associations. Neighborhood Associations successfully use this resident driven data collection method to apply for sustainable construction funding for materials and construction technology that help homes meet LEED Silver criteria, reducing the cost to home buyers. Data collected also substantiates whether or not a neighborhood is a viable candidate for FEMA water mitigation measures. Commercial developers also use this data to track neighborhood recovery as a basis for reinvestment, and has empowered residents through these community networks. The numbers could either attract businesses or resources depending on the need and how they were presented.

<sup>155</sup> The Beacon of Hope Resource Center Maps the "New" New Orleans (2010, Spring). *ArcNews Online*. Retrieved from <http://www.esri.com/news/arcnews/spring10articles/the-beacon-of-hope.html>



### **Partnership with the University**

This mapping was brought into the digital age in the summer of 2008 and August 2008. After a Washington State volunteer assisted BOH with implementing an Arc GIS mapping program, they soon partnered with a local New Orleans university in an effort to standardize their program. The Beacon of Hope-University of New Orleans Community Recovery Project (BUCRP) formed. This was born to organize, analyze, support and document the creation of a Beacon GIS. This partnership also allowed BoH to organize and simplify the surveying process. After using a free, one-year trial license of the GIS program, BOH purchased the software license at a reduced price through a donation from the nonprofit “Tech Soup”.

The mapping of the neighborhoods isn’t the only tool Beacon uses to fight blight or redevelop a neighborhood. This is only a portion of the M.O.D.E.L and other programs such as their green space volunteer teams and block captain teams assisted in the effort. The green space teams look to identify potential green space in neighborhoods along with spaces that served as green spaces before and need assistance in recovery. Identifying potential vacant lots next to each other, these green space volunteer teams report this to the neighborhood captain, who then relays this to the BoH headquarters. From the headquarters the outreach team is able to connect needed resources.

### **Outreach**

Outreach Teams identify neighbors in need and connect them with information and resources. This was one of the founder’s initial activities when she was trying to navigate the rebuilding process for her home and fill the needs of her neighbors. Later on, the sole staff person at BoH headquarters was tasked with identifying all the other nonprofits working in the area and creating a database. This database included what resources these organizations have and their current efforts and abilities for recovery. In addition, these neighborhood teams help coordinate external volunteers to complete residential and green space projects. To date the green space and volunteer coordination teams have helped replant 25 miles of green space, rehabilitate 9 parks and playgrounds, complete over 1,700 homeowner projects, and coordinate over 30,000 visiting volunteers throughout the 25 Beacon neighborhood centers.

### **Development**

In development BOH has established sustainable programs that generate development throughout the community. Such programs include the Harrison Avenue Marketplace and Community Gardens to expedite residential and economic growth simultaneously.

### **Engagement**

Beacon of Hope Resource Center empowers and trains residents to become advocates for their neighborhoods. By mobilizing residents to facilitate their own recovery, they feel a sense of pride and ownership in their neighborhood and can facilitate their individual community needs.



## Leadership

By working with neighborhood associations to help residents who may not have been previously active within the community, BOH builds strong leadership skills. These residents became prominent voices as they work with nonprofit organizations and governmental agencies to address neighborhood and citywide issues.

## Summary

BoH now operates 25 neighborhood “satellite beacons” throughout New Orleans. As of September 2010 they have helped in the rebuilding of over 1,700 homes. BOH has proven how successful a resident-led model for recovery can be and since Katrina has consulted with organizations in North Dakota, Iowa (Block-by-Block program, Cedar Rapids 2008 flood), and Texas after their respective disasters. Most recently they have worked with LaPlace, Louisiana and established have established a Beacon of Hope New York to assist Staten Island residents affected by Hurricane Sandy.

## Take Away Lessons

A major key to BOH success is the level of residential engagement. Beacon of Hope describes their impact:

*“Neighborhoods who have implemented the MODEL now have the structure and skills necessary to revitalize their own communities and to remain resilient in the face of unforeseen events. Engaged residents have become community leaders, are now influential voices with local and state agencies, and have developed a sense of pride and ownership in their communities.”*

This again shows that a top-down neighborhood revitalization development does not work. Rather, building coalitions and working relationships across many interests and residents from the bottom-up produces a more sustainable recovery. Neighborhood residents are a viable tool in disaster recovery, and with a framework to help in recovering their own neighborhood, they can provide insight on issues not seen from many other approaches. Building this structure and capacity with residents enables a broader reach from one organization and allows effective communication post-disaster, often a hurdle in a recovery.

## Case Study 9: Economic Diversification in the San Fernando Valley after the 1994 Northridge Earthquake

### Community Profile

The San Fernando Valley is located on the northern edge of Los Angeles and is flanked by the Transverse Mountains on all sides. The Valley overlaps the city of Los Angeles; it comprises about 40 percent of Los Angeles, and 75 percent of the Valley lies within Los Angeles city limits. The Valley is home to 1.76 million residents. Its



key industries are aerospace, biotech, business services, entertainment, health services, manufacturing, and wholesale trade. Since World War II, the Valley has been home to a thriving aerospace industry; however, rising costs and declining government contracts have led firms such as Lockheed Martin, Hughes Aircraft Co., and Rocketdyne to relocate or downsize over the past 20 years. In addition, at the time of the Northridge earthquake, the area was suffering from a national recession as well as the loss of a 2,500-worker General Motors plant.

## Disaster Impact

These existing economic concerns were exacerbated by the devastating 1994 Northridge earthquake. The earthquake caused around \$20 billion in damage in the Los Angeles area, wreaking the most havoc in the west Valley. Sections of freeways collapsed and thousands of commercial and residential buildings suffered partial or complete collapse. Following the earthquake, Los Angeles distributed federal and state recovery funds evenly across 15 city council districts. This meant that districts that were 40 to 50 miles from the epicenter received the same amount of funds as the most devastated areas. In response, Valley leaders took recovery effort into their own hands by forming an economic development alliance, in the form of a public-private partnership, to address the unique needs of the region.

## Pursuing an Economic Diversification Strategy

### Establishing a Public-Private Partnership for Economic Recovery

A key group of Valley leaders from both the private and public sectors saw the need and opportunity to unite the recovery efforts of existing groups in the community. After the earthquake, U.S. Secretary of Commerce Ron Brown met with local leaders who determined that the best course of action was to form a new umbrella organization. This initiative was launched with a \$350,000 planning grant from the Economic Development Administration (EDA). The grant would fund the development of a collaborative economic development strategy to respond to the many economic shifts the region was experiencing. The new organization would oversee the strategy and ensure its continuity.

The founding leaders brought to the table the first four partner organizations of what became the Valley Economic Alliance (VEA): the Valley Economic Development Center, the Valley Industry and Commerce Association, the United Chambers of Commerce, and the Small Manufacturers Association. When the first VEA CEO was hired in 1996, he also recruited the San Fernando Valley Conference and Visitors Bureau (CVB), the Valley International Trade Association, the Southland Regional Association of Realtors, and the Valley Leadership Institute. Gaining regional participation was crucial to the process. Prior to the VEA, four Valley cities – Burbank, Calabasas, Glendale, and San Fernando – competed with each other and had uncooperative relationships with the city of Los Angeles. However, VEA leaders continued to emphasize the need for a true regional economic alliance, eventually winning the full support of these cities and formally adding them to the group in 1997.

The VEA took on the form of a 501(c)(3) not-for-profit economic development and marketing organization. Its formal mission is to work with public and private stakeholders to grow and sustain the economic base of the San Fernando Valley, as well as to improve the quality of life in the surrounding five-city region. The VEA is governed





by a 150-member general board of directors, 33 of whom also serve on an executive committee led by a chairman, president, five vice chairs, a chief financial officer and a treasurer. The VEA has an annual operating budget of approximately \$1.4 million, all of which comes from investor donations, special projects and events, and foundation grants.

### **Developing a Strategic Plan to Guide Economic Recovery**

The VEA brought together a large number of community stewards to devise a vision for a strategic plan. The planning phase began in 1995, and the plan was put into action the following year when the first full-time CEO was hired. Although VEA leaders contributed a good deal to the plan, they focused on capturing the community consensus. This was crucial to the plan's success because community leaders needed to feel a sense of ownership in the plan in order to make a stewardship commitment.

The ensuing report, *Economic Alliance Partnerships for Progress*, outlined a strategy to expand further into entertainment and information services, the Valley's fastest-growing industries. The hospitality industry and small businesses also became prime targets. The plan included five initiatives, each with an assigned vice chair, including:

- Workforce preparedness,
- Industry retention and expansion,
- Business in the community,
- Government relationships, and
- Small business assistance.

### **Developing the Plan**

#### **Prepare the Workforce for New Opportunities**

The plan advocated forming separate task forces to assess workforce issues for the entertainment and information industries (including finance, insurance, and business services). It also recommended setting up a Business Education Partnership with the Los Angeles Unified School District, high schools, vocational training programs, community colleges, and California State University-Northridge (CSUN) to coordinate with businesses in developing relevant educational programs. The partnership encouraged businesses to expand their internship and mentoring programs as well.

#### **Connect Business Retention, Expansion, and Attraction**

The plan suggested recruiting volunteers from Valley businesses to serve on public-private business retention teams. These teams worked with at-risk companies and contacted all Valley businesses over a certain employee threshold to encourage them to stay in the Valley. In addition, the teams did business attraction work. The plan recommended working with the CVB to develop marketing materials targeted at specific industries as well as prospective residents. The material included competitiveness data and highlights of the economic health of the Valley.



### **Tend to the Local Environment for Business**

In keeping with the strategic plan, the VEA created business-community forums to foster discussion of common issues. These can take place in the form of town hall meetings or a town council. To address the issue of crime reduction, for example, the plan recommended setting up neighborhood watch programs, marketing the Valley's positive image regarding safety, and organizing a coalition to influence safety and crime laws.

### **Facilitate Accessibility to Services**

The Valley is home to a high proportion of entrepreneurs. The VEA set up a Valley Government Business Center, a streamlined resource for business permitting, regulation, and information. A special advisory council was recommended to interface with government on regulatory reform. The plan also recommended forming a special task force to address the legislative concerns of home-based businesses in particular.

### **Develop Specific Programs to Grow Core Industry Sectors**

The plan advocated setting up a Small Business Assistance Center to provide one-stop, full-service management and technical assistance, as well as business and entrepreneurial training to local businesses. Another crucial step involved developing a small business revolving loan fund and securing an additional \$10 million EDA grant for this fund. The plan also proposed conducting a feasibility and planning study to establish a New Media Technology Center to serve as a business incubator, demonstration center, and after-school center for high school students interested in technology. Lastly, the plan focused on nurturing small manufacturers by developing a Manufacturing Enterprise Network to provide small manufacturers with timely information on regulatory issues, changing technologies, peer-to-peer problem solving, and other resources to maintain global competitiveness.

## **Results**

As the VEA carried out the plan, it began to see successes. The Valley's long-standing aerospace workforce offered transferable skills that were relevant to other types of high-tech manufacturing. New technologies, bioscience, and clean/green manufacturing increasingly replaced the departing aerospace industry. These smart technologies, based on intellectual capital, are less sensitive to jurisdictional disadvantages than traditional manufacturing.

The relocation of the MiniMed research and production facility to the CSUN campus is touted as one example of the VEA's success. CSUN's nonprofit auxiliary, the North Campus Development Corporation (NCDC), was tasked with developing 65 acres on the university's north campus. NCDC worked with economic development officials and a local investor-philanthropist to facilitate a public-private deal that relocated MiniMed to a 504,000-square-foot building on campus. This proximity to campus fostered a close relationship between the university and the facility. MiniMed collaborates with university faculty on research projects and offers student employment through work-study programs, internships, and scholarships.

The VEA continues to evolve economic development strategies and to increase collaboration in the region. In 2001, the VEA developed *Vision 2020*, a set of growth goals for the following 20 years. *Vision 2020* was



supported by private funding and focuses on market-driven economic development strategies and civic and leadership initiatives. In 2009, Los Angeles County brought together more than 1,000 stakeholder organizations to create the county's first consensus strategic plan for economic development. Local leaders also recently launched a San Fernando Valley Council of Governments, which engages the five local city governments on issues of planning, transportation, and economic development.

## Summary

The Valley's entrepreneurial culture contributed to a proactive response to the earthquake. Locals took it upon themselves to guide the rebuilding without relying on intervention from the outside. "What this Alliance has always done is filled out the blanks, smoothed out the surfaces, and made things happen," said a founder.

The public-private partnership that created the VEA leveraged the crucial assets of both worlds. In order to maintain global competitiveness, the private sector needs to drive the public debate and maintain relationships with decision-makers. To effectively address workforce issues and to develop a strong economic base, the public sector needs to actively engage the private sector. The Valley's recovery efforts, as well as long-term economic diversification, hinged on the partnership between public and private organizations across jurisdictions and industries. The result was collaborative brainstorming, dedicated implementation of the plan, and maximized funding mechanisms. Through this collaboration, VEA leaders succeeded in creating momentum in the Valley that continues to this day.

## Case Study 10: Growing from within Post-Disaster: The St. Louis County Best Practice

### Community Profile

St. Louis County, Missouri (2010 county population: 998,954; 2010 MSA population: 2,812,896) is a Midwestern city surrounded by three rivers: the Mississippi River, the Missouri River and the Meramec River. The city of St. Louis was originally part of the county but became an independent city in 1877. St. Louis County is currently home to half of the jobs in the region and a quarter of the jobs in Missouri. The county became the employment center of the region in the 1980s.

The county's economic base is traditionally manufacturing; however, the decline of this industry starting in the 1990s has driven the county to diversify the economy. Industry clusters include plant and medical sciences, information technology, transportation and distribution, and financial services. There are currently 13 Fortune 1000 companies headquartered in St. Louis County.

### Disaster Strikes...Again and Again and Again...

As the gateway to the West, the St. Louis region is historically known as a center for aviation and automobiles. In 1990, there were 40,000 employees working at McDonnell Douglas in St. Louis County. In June of that year, the United States Department of Defense (DOD) decided to cancel a \$57 billion contract for A-12 attack jets. McDonnell Douglas Corp. and fellow St. Louis manufacturer General Dynamics Corp. both lost their contracts.



Over the next six months, 9,000 employees were laid off or offered early retirement packages. Although McDonnell Douglas Corp. employed 3 percent of the metropolitan area's 1.2 million workforce in 1991, the company continued to reduce its staff over the next five years down to 23,000 in 1996.

Overall, between 1990 and 1996, the St. Louis region would lose more than 50,000 defense related jobs. In December 1996, Dennis Coleman of the St. Louis County Economic Council informed the Christian Science Monitor, "We've replaced the 50,000 lost [jobs] plus 50,000 new jobs...The economy in St. Louis is perking along. If we're going to absorb any job losses, this is the time to do it."

In 1993, St. Louis County received more than 41 inches of precipitation from January to September. The county usually receives 37.5 inches for the entire year. As a result, many of the waterways flooded within the county, breaking levees, damaging farms and crops, destroying homes, and dislocating many citizens from their homes. For 144 days, the Mississippi River stayed above flood levels, making this the largest flood within 150 years.

The county recovered from the defense cutbacks and the floods of the early 1990s only to see disaster strike again in 2006, 2007, and 2008. In March 2006, Ford closed its assembly plant in Hazelwood, Missouri and laid off 1,445 employees, most of whom were hourly workers. In 2008, the remnants of Hurricane Ike caused flash flooding in the St. Louis region.

Chrysler had two plants, the North Plant and the South Plant, in the Fenton, Missouri that were an economic fixture in the area for almost 60 years. The North Plant had been building trucks since 1966 except for a three-year hiatus from 1980 to 1983. The South Plant, known as the St. Louis Car Assembly Plant, had been active from around 1957 until 2009 except for a hiatus from 1991 to 1994. On December 12, 2005, Chrysler announced it was committing a \$1 billion reinvestment with five new suppliers in the two plants. At that time, there were 5,500 employees split between the two plants. There was little sign at that point of potential closure.

By 2009, both plants were closed. From February 2007 to July 2009, Chrysler slowly decreased employment, offered employees buyouts, and shifted towards closure. The closures resulted in a total loss of 6,365 on-site jobs and direct wages of about \$880 million. Additionally, there was an indirect job loss of 2,500 jobs at local supplier companies. Overall, the auto-plant closure led to a total loss of 40,000 (direct, indirect and induced) jobs within the region.

### Convening an Economic Adjustment and a Diversification Committee

In 1990, there were no regional organizations with economic development capacity in the St. Louis region. Realizing that the defense cutbacks were starting to affect the region beyond just St. Louis County, Denny Coleman called leaders of economic development, workforce development, human services, business, and universities as well as elected officials from surrounding counties in both Missouri and Illinois and invited them to come together to develop a regional response to the cutbacks. The support of the county executive, the mayor, and the regional chairperson of the Chamber of Commerce encouraged these leaders to be a part of the Economic Adjustment and Diversification Committee (EADC). Leaders from both outside and inside the region



needed to come together, because many of the workers lived beyond the county, making the impact widespread. Because the workforce development boards were organized by county, many of the board members had never met or spoken to officials outside their county. By bringing everyone together, the response was united regionally.

The committee initially met once a month and, in subsequent years, once a quarter. Some of the subcommittees were more active than others and lasted longer. In the end, EADC lasted around seven years. New groups were created and met on their own terms. Members of the EADC realized that a regional organization was necessary, leading to the development of Greater St. Louis Inc., a regional economic development network located within the St. Louis Regional Chamber & Growth Association.

### Assessing Damage and Developing a Long-term Strategy for Recovery

In order to respond to the defense cutbacks, the community had to do damage assessments and create a long-term recovery plan. Rather than create strategic plans, programs, and grant requests separately, the EADC, through the administrative support of St. Louis County Economic Council (SLCEC), worked with both the United States Economic Development Administration (EDA) and the United States Department of Defense Office of Economic Adjustment (OEA) to provide funding through one grant request. The committee created one list of recommended studies and plans, and the committee and SLCEC worked with both agencies to see which studies they could fund. In the end, the grants covered nine research studies including:

- A long-term economic diversification plan
- A survey of displaced workers that was completed three times
- A survey of defense contractors in the region
- A survey of the McDonnell Douglas Corp.'s subcontractors
- A survey of the region's global programs and initiatives
- An understanding of what financing programs for businesses were available on the federal, state, and local levels
- EDA grants were used in St. Louis County from the EDA grant funds in order to:
- Establish a revolving loan fund
- Create a job training program for the manufacturing industry
- Expand the functions of the St. Louis World Trade Center
- Create the Center for Emerging Technologies

McDonnell Douglas was very helpful to the EADC. As part of their assistance, they provided the contact information of all of displaced workers to the committee to conduct a survey. The survey of displaced workers was unique, because workers were surveyed three times over a period of four years. By surveying the workers multiple times, the EADC was able to track the displaced workers and have a better idea of the impact of the region over a longer period of time. This survey was first conducted by E. Terrance Jones, a professor at the University of Missouri, St. Louis, one year after the first round of layoffs instead of the typical three- to six-month time block. Interestingly, the majority of the displaced workers decided to remain in St. Louis or returned after leaving to look for jobs. Additionally, approximately 10 percent of displaced workers were interested in



starting their own companies. This signaled to the committee that entrepreneurship should be a focus of the adjustment and diversification plan.

### St. Louis County Grows from Within

McDonnell Douglas had some leased space available after the cutbacks. As part of their cooperation with the EADC, they donated the space for worker reentry programs to help their former middle- to high-income workers gain the information they needed in a place they were familiar. This cut any stigmatism felt by the displaced workers. Additional space was made available for two incubators within the county. These incubators were the first in the county and provided new ventures a resource for support; however, when the leases expired, they were closed.

During the Bush administration in 1991 and 1992, there were two conferences that brought some of the top engineers in the country together to discuss critical technologies to try to keep the best technologies in the United States. The second conference was led by a professor at Washington University in St. Louis. This brought attention to additional grants available to study the regional economy and explore where there were opportunities to be competitive in these technologies. As this study was completed, EADC was completing their plans for long-term recovery. From the plan, the Center for Emerging Technologies was created and funded by a grant from EDA. It was decided to locate the Center for Emerging Technologies near the University of Missouri, St. Louis. The Center for Emerging Technologies is now located within the CORTEX district, a life science community supporting young and mature life science ventures. Currently, the Center for Emerging Technologies is funded by the University of Missouri, St. Louis.

The 1993 flood provided federal grants for two additional incubators in South and West County. These incubators were funded by grants from EDA to reinvest in communities in the county that were impacted by the floods. The West County Enterprise Center opened in 1997 in the City of Chesterfield. South County Enterprise Center was delayed in opening due to contamination on the site that needed to be addressed. In 2000, the South County Enterprise Center opened.

Three other Enterprise Centers exist in St. Louis County. The Midtown Enterprise Center opened in 1994. It is jointly funded by the City of St. Louis and St. Louis County and governed by a joint board. The city and county came together to fund it through a corporate tax credit. There is no federal funding involved. Wellston Enterprise Center is privately funded and created out of one of the former McDonnell Douglas Company leased space incubators.

In 2010, St. Louis County Economic Council and the Donald Danforth Plant Science Center received a \$4.6 million grant from EDA to grow the plant and life science industries. This grant was used to build a new greenhouse for the Danforth Center and an incubator called the Helix Center. The Helix Center opened in 2004 and also used funds from a county bond. The Helix Center supports entrepreneurs and early stage plant and life science companies and includes wet lab spaces for growing companies. As an early seed capital fund, the Helix Fund supports plant and life science companies and commercialization of technologies. This fund is created through





monies from the South County Casino. The casino pays rent to the port authority, which is managed by St. Louis County Economic Council. Part of the rent funds are used to finance the Helix Fund. Companies do not need to be part of the Helix Center to receive funding from the Helix Fund.

St. Louis County and City of Saint Louis are continuing to focus on new efforts to promote entrepreneurship. Following the Ford and Chrysler auto plant closures, St. Louis County received a grant from EDA to develop a regional economic adjustment strategy to address the economic impact from the closures. An economic adjustment strategic plan was created in September 2011. Recommended in the plan is to catalog all of the existing entrepreneurship programs within the region and create a place for entrepreneurs to reach the information. St. Louis County Economic Council is currently putting together an entrepreneurship asset map and a portal for entrepreneurs. Through this project, the county is also ensuring there are no programs that overlap or compete with one another within the region. The County also saw progress taking place within Cleveland in entrepreneurship efforts and has reached out to Jumpstart to support their initiatives.

### Funding Growing Businesses

The St. Louis region is often faced with the challenge of helping growing businesses obtain capital when they are no longer able to borrow from banks, friends, and family. In discussions, there were comments made about being located in the Midwest, as venture capital is not always as readily available as it is on the coasts.

In 1994, St. Louis Development Corporation (SLDC), St. Louis County Economic Council and the Economic Development Center of St. Charles County received a one time \$1 million grant that has been recycled over the past eighteen years. Additional funding is added annually through community development block grants from the United States Department of Housing and Urban Development. One of the first companies to receive a loan from the revolving loan fund is now ranked in the top 150 on Forbes Largest American Private Business list.

Fast forward eleven years later. In 2005, the St. Louis Regional Chamber and Growth Association (RCGA) established a membership group of private investors. The St. Louis Arch Angels memberships provides local entrepreneurs the seed capital that they need to help grow companies locally. The network was established as a 501c3 organization that is managed by a private board of directors.

### Growing the Plant and Life Science Sector in St. Louis County

The plant and life sciences cluster has been exploding in St. Louis County with new programs and resources available to drive research and innovation. In 2008, the first building of the Bio-Research and Development Growth (BRDG) Park opened at the Danforth Plant Science Center. This new park will be a three building initiative focused on the plant and life sciences. The Nidus Center, a nonprofit biotechnology incubator, has since relocated to the BRDG Park with BRDG taking over the leases and activities for the current tenants. BRDG Park offers wet lab space, office space and on-site workforce training in the plant and life sciences. SLCEC's Helix Center is located next to the BRDG Park.



Vicki Gonzalez, managing director of Nidus Partners, has created a new solution to getting technologies out of the research stage and into commercialization. A partnership is created with local corporations who invest in the partnership. Once a quarter, they meet and review potential technologies to invest in. As a benefit for their investment in Nidus Partners, the corporate partners get first opportunity to review the technologies and decide whether or not to invest in them. A strategic technology council made up of executives from the corporate partners uses their knowledge and experience to advise on global market needs and select and de-risking selected technologies. Once a technology is chosen, it receives full support through their growth and commercialization process. This partnership was started in 2010 and continues to grow.

### Training Workers

In 1994, St. Louis County received a \$4.5 million grant to establish the Metropolitan Education and Training (MET) Center in Wellston, MO. This training center was opened in an area faced with poverty, severe disinvestment and inadequate infrastructure to train low-income residents with short term training programs and other resources to enter into the workforce. The MET Center was established through a partnership of public, private and nonprofit organizations to train workers to enter in advanced manufacturing, biotech, healthcare and digital technologies. The center is training workers for a future in high technology industries. A former Wagner Electric Plant, the land was contaminated and vacant for several years. It was a cornerstone partnership that came together to renovate the building and pursue environmental cleanup. Serving over 9,500 citizens since 2006, the MET center has received additional grants from EDA to expand.

### Competing in a Global World

Prior to the defense cutbacks, St. Louis County had purchased a franchise of the World Trade Center. It had a small staff. At the time of the studies, the EADC found that the franchise was not realizing its full capabilities. The research studies also showed that the region needed to compete better globally, and small and medium enterprises needed assistance entering into the export economy. Many of the larger corporations already had the assets and abilities to compete globally. A grant from EDA was used to expand the world trade center staff and services for small and medium size enterprises. Once the grant ran out, the expanded staff and services were funded locally.

Following the 2008 floods, St. Louis County worked with EDA to receive a grant for \$1.725 million to create a hub for the Midwest for U.S. and China commerce with the goal of driving exports and creating jobs.

### Summary

St. Louis County has had its share of disasters—both economic and natural. Though each disaster requires a different response, they are all robust and strategic. From the 1990s, officials learned that responses are not just local to the county but impact the entire region including both sides of the Mississippi River. The St. Louis Regional Chamber and Growth Association remains active in economic development initiatives.



Entrepreneurship continues to be a strong focus for St. Louis County and the region. The four enterprise centers' current clients and graduates (as of 2009) had revenues of \$165 million, 809 full time jobs, and a success rate of 80%. As with the Helix Center, new incubators continue to be in planning. Future incubators include focuses on the fashion and high technology industries. New incubators have also continued to open in the region, including one focused on the arts. The asset map currently being created will unlock the next direction of entrepreneurship strategy.



# Resources Appendix



## Resource 1: OFB-EZ™ Toolkit

### **Open For Business-EZ (OFB-EZ) Business Continuity Toolkit**

The Insurance Institute for Business & Home Safety (IBHS) developed a new streamlined business continuity program for small businesses that may not have the time or resources to create an extensive plan to recover from business interruptions called OFB-EZ™ (Open For Business-EZ).

OFB-EZ™ is a free toolkit designed to help even the smallest businesses focus on planning for any type of business interruption. OFB-EZ is available as a downloadable Adobe Acrobat (.pdf) toolkit and as individual module forms in both Adobe Acrobat (.pdf) and Word formats that can be filled in and printed for safekeeping. These can be downloaded at: <https://www.disastersafety.org/disastersafety/open-for-business-ez/>



## Resource 2: Critical Business Functions



### CRITICAL BUSINESS FUNCTIONS

Identifying critical business functions is integral in resuming operations following a disaster.

This template will walk you through the very important steps of identifying the most critical functions in your business. You may consider your critical functions as those activities that are vital to your organization's survival and to the resumption of business operations. Typically, your critical functions are the business functions that are (1) most sensitive to downtime, (2) fulfill legal or financial obligations to maintain cash flow, (3) play a key role in maintaining your business' market share and reputation, and/or (4) safeguard an irreplaceable asset. Keep in mind, the process of identifying your critical business functions will work in close conjunction with your risk assessment analysis.

#### Steps:

1. Identify the critical business functions of your business. Please reference the following considerations when determining the criticality of each business function.
2. Classify these critical business functions into the following categories: high (most severe), medium, and low (least severe). Please reference the proceeding graphs for an illustrated example.
3. Complete the Critical Business Functions Chart with each critical business function.

#### Considerations when Determining Criticality of a Function:

- What business objective/goal does this function support?
- How often does this function occur?
- How many business units (departments) perform this function?
- Does the successful completion of this function depend on any other functions?
- Are other functions dependent on this function for its successful completion?
- Is there a potential for revenue loss if this function is not completed?
- Is there a potential for fines, litigation, or other punishment for noncompliance due to a required regulatory requirement?
- Is noncompliance tied to a specific downtime for this function?
- Does this function directly impact the business' image or market share?
- What priority ranking would you give this function as compared to other functions?

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## CRITICAL BUSINESS FUNCTIONS

### Critical Business Functions Chart

After you have identified the criticality and maximum downtime for each critical business function, you will record each function and the impact it has on other business functions in the chart below. It is your objective to identify all the resources and personnel required to restore or reproduce this function *during a recovery*. After identifying what will be required to reproduce each critical business function, make sure you include a brief guide on how to restore this function in a recovery environment.

| Function                        | Criticality | Maximum Downtime | Person/Team   | Required Resources                                      | Impacted Functions       | Brief Process to Complete Function                       |
|---------------------------------|-------------|------------------|---|---|--------------------------|--|
| Example: Insurance Claims       | High        | 2 Days           | A. Jones – Mgr.<br>Alt 1: K. Smith<br>Alt 2: R Howard | 10 employees, phones, claim mgt software, paper forms   | Claims assessing, filing | Take calls, document in system, file                     |
| Example: Open new savings acct. | Low         | 1 Week           | L. Singleton  | 1 employee, account mgmt software, N103-B form, printer | New accounts             | Customer completes N103-B form onsite, enter into system |
|                                 |             |                  |   |   |                          |  |
|                                 |             |                  |   |   |                          |  |
|                                 |             |                  |   |   |                          |  |
|                                 |             |                  |   |   |                          |  |
|                                 |             |                  |   |   |                          |  |
|                                 |             |                  |   |   |                          |  |

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## Resource 3: Critical Supplies



### Critical Supplies

Use this form to list supplies needed to fulfill your critical business functions. A critical supply is any item essential to keep equipment or work processes functioning, e.g. special fluid for a machine, special forms and/or checks. Be sure to list an order number.

If you do not have the supplier recorded on the *Supplier/Vendor* form, go back to the form to add the information.

*Note:* Do not include basic office supplies, e.g. pens, paper, stapler. Do not include office furniture either, e.g. filing cabinets, mail bins, desks or chairs, as they all should be listed in *Miscellaneous Resources*.

You can download copies of this form from: [http://www.disastersafety.org/business\\_protection](http://www.disastersafety.org/business_protection).  
Save a blank version so you can make additional copies as needed.

| Item            | Item Order Number | Quantity | Supplier(s)/Vendor(s): | Related Business Function(s) |
|-----------------|-------------------|----------|------------------------|------------------------------|
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
|                 |                   |          |                        |                              |
| Recovery Notes: |                   |          |                        |                              |



## Resource 4: Voice / Data Communications



### Voice / Data Communications

Use this form to list your voice and data communications needs. Communication with employees, vendors, customers, emergency officials and other key contacts is vital to your ability to resume business operations following a disaster event. This form should be used to determine what telecommunications equipment you need to help you with that communication.

If you go to a recovery location, it is likely you will need to lease or purchase telecommunications equipment. You may use the *Voice / Data Communications* form to list what you would order, and in the *Description & Model No.* field, write "Unknown," or similar words, if you do not yet have that information. Be sure to explain in *Recovery Notes*.

If you plan to purchase or lease multiple items of the same type—e.g. telephones—you can condense the information into one record. List relevant details in *Recovery Notes*.

You can download copies of this form from: [http://www.disastersafety.org/business\\_protection](http://www.disastersafety.org/business_protection).  
Save a blank version so you can make additional copies as needed.

|  |   |  |
|--|---|--|
| Type Of Service:   | <input type="checkbox"/> Telephone  | <input type="checkbox"/> Satellite Phone       |
|  | <input type="checkbox"/> PBX w/ ACD (Private Branch Exchange w/ Automatic Call Distribution)            | <input type="checkbox"/> Fax Machine           |
|  | <input type="checkbox"/> PC Data Communications   | <input type="checkbox"/> Two-Way Radio & Pager |
|  | <input type="checkbox"/> Mobile Phone   | <input type="checkbox"/> Other                 |
|  |   | Explain:                                       |
| Description And Model Number:<br>(Enter "unknown" if telecommunications item is to be leased / bought for recovery location) |   |  |
| Status:  | <input type="checkbox"/> Currently In Use <input type="checkbox"/> Will Lease/Buy For Recovery Location |  |
| Voice Communications Features:   | <input type="checkbox"/> Voice Mail   | <input type="checkbox"/> Conversation Recorder |
|  | <input type="checkbox"/> Speaker  | <input type="checkbox"/> Other                 |
|  | <input type="checkbox"/> Conference   | Explain:                                       |
|  | <input type="checkbox"/> Text Messaging   |  |
| Data Communications Features:  | <input type="checkbox"/> Cable  | <input type="checkbox"/> Dial-Up               |
|  | <input type="checkbox"/> DSL  | <input type="checkbox"/> Other                 |
|  | <input type="checkbox"/> T-1  | Explain:                                       |
| Quantity:  |   |  |
| Primary Supplier/Vendor:   |   |  |
| Alternate Supplier/Vendor:   |   |  |
| Recovery/Install Location:   |   |  |
| Recovery Notes:  |   |  |



## Resource 5: Computer Equipment and Software



### Computer Equipment and Software

Use this form to list the computer equipment, hardware and software you will need to fulfill your critical business functions.

If you go to a recovery location, it is likely you will need to lease or purchase computer equipment and replace your software. You may use this form to list what you would order, and in the *Title & Version or Model No* field write "Unknown," or similar words, if you do not yet have that information. Be sure to explain in your *Recovery Notes*. The important thing is that your final plan includes what you need to perform your critical business functions.

If you plan to order multiple items of the same type—e.g. keyboards or monitors—you can condense the information into one record. You can list relevant details in *Recovery Notes*.

When there is sufficient warning about an event, such as a hurricane, you might decide to move some of your computer equipment and software to a safe place, so that it can be utilized at your recovery location. For such instances, you want to list equipment you currently own or lease and / or software that you would take, and in the *Status* field check "Currently in use." Some disasters occur without warning, though, so be sure you have alternatives available.

If you currently own / lease the item, choose the supplier(s) / vendor(s) based on which one(s) you would use to replace the item if it were damaged in a disaster. It is always advisable to have an alternate vendor, though, in case your primary vendor is not available.

You can download copies of this form from: [http://www.disastersafety.org/business\\_protection/](http://www.disastersafety.org/business_protection/)  
Save a blank version so you can make additional copies as needed.

|   |   |                              |  |
|---|---|------------------------------|--|
| <b>Item:</b>  |   |                              |  |
| <b>Type:</b>  | <input type="checkbox"/> Computer Hardware <input type="checkbox"/> Computer Software                   |                              |  |
| <b>Status:</b>  | <input type="checkbox"/> Currently In Use <input type="checkbox"/> Will Lease/Buy For Recovery Location |                              |  |
| <b>Title And Version/Model Number:</b><br>(Enter "Unknown" if hardware/software is to be leased/bought for recovery location) |   |                              |  |
| <b>Serial/Customer Number:</b>  |   | <b>Registered User Name:</b> |  |
| <b>Purchase/Lease Price:</b>  | \$  | <b>Purchase/Lease Date:</b>  |  |
| <b>Quantity (equipment) or Number Of Licenses (software):</b>   |   |                              |  |
| <b>License Numbers:</b>   |   |                              |  |
| <b>Primary Supplier/Vendor:</b>   |   |                              |  |
| <b>Alternate Supplier/Vendor:</b>   |   |                              |  |
| <b>Recovery Install Location:</b>   |   |                              |  |
| <b>Recovery Notes:</b>  |   |                              |  |

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## Resource 6: Jefferson Parish Evacuation Re-Entry Plan

### Jefferson Parish Evacuation Re-Entry Plan

#### I. Purpose

This plan outlines protocols for a phased re-entry process designed for the safe, orderly and timely return of citizens, emergency responders, businesses, and critical service providers following a wide-scale evacuation when immediate re-entry by everyone is neither prudent nor possible.

#### II. Situation

- A. Jefferson Parish could experience, with or without warning, disaster conditions, including but not limited to hurricanes, floods, tornadoes, fires, storms, or any combination thereof, that result in (1) a Declaration of Emergency and (2) an Evacuation Order of all or part of the parish by the Parish President.
- B. Hazardous material incidents at either a fixed site or in transit, or acts of terrorism or other events-without-warning, or any incident that causes wide-scale evacuation may also precipitate the use of this plan.
- C. The immediate and/or simultaneous return of all evacuees might not be feasible due to post-event Parish conditions and the need to: (1) restore critical infrastructure, (2) protect homes and businesses of evacuees, (3) stabilize and prepare the parish for the permanent return of its citizens and businesses, and (4) insure the safety of returning citizens.
- D. Re-entry will be prioritized by parish emergency officials based on the assessment of the threat-level to public safety and security and the adequacy of post-disaster, sustainable living conditions.
- E. This assessment will consider factors such as road access, water levels, availability of utilities and critical services such as water and sewer service, subsistence capacity, search and rescue activities, impending weather threats, integrity of levee system, security of the area as determined by local law enforcement, environmental hazards, debris field, and other health hazards.
- F. **Residents will be allowed to re-enter as soon as the Parish President determines that there are sustainable living conditions and the parish is safe for residential re-entry.**
- G. If conditions warrant, a “Look and Leave” policy may be implemented to allow the public to assess damage to their property prior to cancellation of the Evacuation Order.





- H. The Parish President, under his emergency powers, may authorize whatever expeditious credentialing process he deems appropriate and necessary, in addition to those stated herein, to facilitate the re-entry of necessary personnel and businesses into the Parish.
- I. Emergency responders will have unrestricted access to all areas of the parish to facilitate rescue and security operations. Local, state and federal emergency responders include emergency operations management personnel, law enforcement, fire services, emergency medical services personnel, National Guard/Active Military forces, professional and volunteer Urban Search and Rescue Teams registered with the state and with the parish, logistics personnel required to support on-going emergency operations, and other personnel, maritime emergency responders, agencies and/or organizations designated by the Unified Incident Commander as critical for emergency response.
- J. Government agency first responders from the federal government, the State of Louisiana and the Parish of Jefferson need only have their valid agency picture identification and driver's license to enter Jefferson Parish. All other qualified emergency responders not traveling in recognized emergency- responder vehicles will be issued ER re-entry placards and must carry agency-issued photo identification and valid driver's license.
- K. Should conditions require the phased re-entry of businesses, their re-entry will be guided by the protocols outlined in this annex.
- L. Each tier subsumes earlier tiers.
- M. Prior to June 1 of each year hereafter, Jefferson Parish will:
  1. Identify and provide appropriate re-entry credentials to all contractors and subcontractors whose services and/or products may be required by the parish or its municipalities immediately after a disaster, along with their qualified personnel, as per criteria described herein.
  2. Identify and provide appropriate re-entry credentials to qualified public entities, agencies, and emergency responders, along with their qualified emergency contractors and subcontractors, based on criteria described herein.
  3. Implement a credentialing application and distribution process for other qualified businesses, groups, and individuals, as described herein.
  4. Coordinate with municipalities, regional and business partners, and law enforcement agencies to ensure effective plan implementation.

### III. Re-Entry Tiers

Overview. This annex outlines three tiers of business re-entry. Based on parish conditions, the Parish President may combine tiers or make other necessary plan changes. Each tier subsumes the tier or tiers preceding it. It is expected that qualified businesses will apply bi-annually for and be provided appropriate re- entry credentials prior to the onset of hurricane season, or, in the case of Tier-3 credentials, immediately prior to Tier-3 re-entry.

#### A. TIER 1: EMERGENCY RESPONSE





1. Implementation Threshold: Tier 1 will be implemented when the Parish President, based on the assessments described above, determines that conditions allow safe access to at least a portion of the parish.
2. Categories of Eligible Entrants: Tier 1 includes primary critical infrastructure companies, major utility companies, pre-designated staff of other parish/municipal agencies and offices, and pre-designated government contractors and their subcontractors who provide critical services to the parish, municipal governments, and state, federal, or other public agencies.
  - ☐ Tier-1 credentialed emergency contractors/subcontractors, and their credentialed essential duty employees, employed by Jefferson Parish, its municipalities, and/or hospitals located in the parish, and who are necessary for the restoration of critical infrastructure and the support of emergency response efforts.
  - ☐ Tier-1 credentialed damage assessment/stabilization teams from businesses and industries in Jefferson Parish whose facilities pose a public safety concern, environmental threat, or substantial danger.
  - ☐ Tier-1 credentialed damage assessment/stabilization teams, accompanied by security, from financial institutions.
3. Credentials: Tier-1 re-entry credentials consist of: (a) a non- reproducible, serialized, parish-distributed Tier-1 dashboard placard valid for the current year; (b) a company-issued letter of access stating that the holder is an authorized company responder to emergency events; and (c) company picture identification.
  - ☐ Alternatively, Tier-1 access will be afforded to the following **un- placarded** vehicles: (1) utility company repair trucks and (2) freight and cargo trucks that are loaded with emergency relief supplies and equipment. Entry of these **un-placarded** vehicles will only be allowed when the following conditions have been met: (a) the company logo is clearly displayed on each company vehicle (to include sub-contractor vehicles); (b) each company-vehicle occupant has a company-issued letter of access stating that the holder is an authorized company responder to the event; and (c) each occupant has valid, government-issued picture identification and company picture identification in his possession. Company supply vehicles must contain emergency response supplies or equipment. **Empty trucks are prohibited**.
  - ☐ Manifests of supply vehicles may be checked to confirm the need for entry.
4. Responsibilities
  - ☐ The parish will maintain a Tier-1 credentialing database and will distribute credentials prior to start of hurricane season.
  - ☐ Each business is responsible for: (a) distributing its Tier-1 parish credentials to the appropriate personnel; (b) distributing a letter of access to appropriate personnel; (c) maintaining a database containing information (name, job function, date



credential issued) regarding the recipient of each credential; (d) providing this database to the parish upon request; and (e) executing and providing to the parish the requisite agreement-to-terms-of-use document.

- ▮ Each person in a Tier-1 credentialed vehicle must be employed in the company's authorized business or activity and have legitimate response-support function.
- ▮ Companies found to be issuing credentials to non-employees or non-essential employees will be subject to suspension of their re- entry privileges and to fines and penalties established by Parish ordinances.

## B. TIER 2: RESPONSE SUPPORT

1. Implementation Threshold: Tier 2 will be implemented when the Parish President determines that credentialed individuals can access their places of business safely. Relevant factors include, but are not limited to, the: (a) need for dewatering; (b) degree of civil unrest; (c) extent of search and rescue efforts still underway; (d) stability of the levees; (e) conditions and functionality of the drainage pump stations and (f) conditions of the roadway network.
2. Categories of Eligible Entrants: Tier 2 includes: (a) core assessment teams of major employers and other businesses that are determined by the Parish President to be essential to the return of residents and/or to the economic vitality of the parish; (b) recovery teams of select businesses with unique circumstances (fragile inventory, designated hazardous waste facility, world-wide distribution, large workforce, multiple-parish service area, major plants, refineries, and manufacturers, etc.) and that have the capacity to be self-sufficient; and (c) humanitarian relief agencies and their workers.
  - ▮ Examples of Tier-2 re-entry eligible businesses include big-box retailers such as Wal-Mart, Lowe's, K-Mart, Target, Home Depot, and Sam's; fuel distributors and stations; debris management companies; financial institutions; food suppliers; pharmacies and medical suppliers; licensed construction companies; insurance companies; communication companies; health care providers; chemical plants/refineries; cleaning suppliers; hardware stores; building material suppliers; lodging managers; security companies; American Red Cross; and Jefferson Parish-approved faith-based groups and other relief agencies.
3. Credentials: Tier-2 re-entry credentials consist of a: (a) non- reproducible, serialized, parish-distributed Tier-2 dashboard placard valid for the current year; (b) company-issued letter of access stating that the holder is an authorized responder to the event; (c) government- issued photo; and (d) company identification.
4. Responsibilities:
  - The parish will implement and publicize an Internet, Tier-2 credentialing application process.
  - The parish will maintain a Tier-2 credentialing database and will distribute credentials prior to the start of hurricane season.
  - Businesses/relief agencies must apply for Tier-2 credentials via a prescribed Internet process and complete the agreement-to-terms- of-use document.



- Each business/relief agency is responsible for: (a) distributing its Tier-2 parish credentials to the appropriate personnel, (b) distributing a letter of access to the appropriate personnel, (c) maintaining a database containing information (name, job function, date credential issued) regarding the recipient of each credential, and (d) providing this database to the parish upon request.
- Each person in a Tier-2 credentialed vehicle must be employed in the company's authorized business or activity and have a legitimate response-support function.
- Each business/agency that applies for Tier-2 **recovery-team** credentials may also be requested to provide the parish with: (a) those portions of its continuity of operations/emergency plan that explicate the need for a disaster recovery team, its functions, and the resources/assets available to the recovery team (the parish will execute a non-disclosure agreement regarding the emergency/continuity of operations plan); (b) a list of its recovery team members; and (c) contact information for a 24-hour-a-day point of contact.
- Companies found to be issuing credentials to non-employees or non-essential employees will be subject to suspension of their re-entry privileges and to fines and penalties in accordance with Parish ordinances.

5. Regional Tier-2 Credentials: The parishes of Jefferson, Orleans, St.

Bernard, Plaquemines, St. Tammany, and St. John the Baptist may coordinate re-entry efforts such that regional tier-2 credentials may be provided to companies with legitimate business in multiple parishes. Such companies may apply with the parish in which their home office is domiciled. Businesses domiciled outside of one of these parishes shall apply for credentials with the parish in which the majority of their work occurs.

C. TIER 3: REPOPULATION SUPPORT

1. Implementation Threshold: Tier-3 implementation will depend on the stability of the parish and its ability to support Tier-3 credentialed businesses and their employees.
2. Categories of Eligible Entrants: Tier 3 provides for re-entry of business owners and their designated recovery and JumpStart employees, whose businesses have been determined by the Parish President to be essential to the imminent return of residents and/or to the economic vitality of the parish. Family members may be allowed to re-enter with a credentialed family member at the discretion of the Parish President, based on parish conditions. Eligible business categories are indicated on the online application website.
3. Credentials: Tier-3 serialized paper credentials will be issued by the parish via the Internet to qualified businesses and will be available **post-evacuation and prior to Tier-3 re-entry. Applicants will be notified of Tier-3 eligibility prior to June 1 but will be able to print re-entry placards only after an evacuation.** Jefferson Parish tax account numbers and other application data will be cross-referenced with the JPSO database.



#### 4. Responsibilities:

- The parish shall implement and publicize an Internet Tier-3 credentialing application process.
- The parish shall maintain a Tier-3 credentialing database and shall notify businesses of their eligibility prior to hurricane season.
- Paper credentials will be provided via Internet after a mandatory evacuation and prior to implementation of Tier-3 re-entry.
- Businesses must register for Tier-3 credentials via a prescribed Internet-based application process and must complete the agreement-to-terms-of-use document.
- Each business is responsible for (a) distributing copies of its Tier-3 credentials to the appropriate personnel, (2) distributing to the appropriate personnel company-issued letters of access (on company letterhead) with a verifiable phone number stating that the bearer is an authorized responder to the event, (c) maintaining a database containing information (name, job function, date credential issued, business address) regarding the recipient of each credential, and (d) providing this database to the parish upon request.
- Companies found to be issuing credentials to non-employees or non-essential employees will be subject to suspension of their re- entry privileges and to fines and penalties as established by Jefferson Parish ordinances.

#### IV. Re-Entry Tier Implementation

- A. Tier-1 re-entry will be implemented when the winds created by a major hurricane have fallen below tropical storm force and when the Parish President, in consultation with the Emergency Management Director have determined that flooding, debris and other dangerous conditions have been identified. Jefferson Parish will notify the Governor's Office of Homeland Security and Emergency Preparedness (herein after referred to as GOHSEP) through available phone, radio, data or wireless communications that the parish is ready to implement tier one re-entry. In addition, the Director of Emergency Management will also notify all other involved parishes of our plans to implement Tier 1.
- B. Tier-2 re-entry will be implemented when the Parish President, in consultation with the Director of Emergency Management, determines that the condition of the roadway infrastructure is safe for travel, that there is sufficient law enforcement in place to protect tier-2 businesses, there is no flooding or levee failures and that tier-2 re-entry will not interfere with search and rescue efforts. Some or all parts of Jefferson Parish may be opened for tier-2 re-entry based on the above mentioned conditions. Jefferson Parish will notify GOHSEP and the other involved parishes, through available communications, when it is ready to implement Tier-2 re-entry.
- C. Tier-3 re-entry will be implemented when the Parish President, in consultation with the Director of Emergency Management, determines that the conditions in Jefferson Parish are stable and safe for the return of Tier-



3 businesses and their employees. Jefferson Parish will notify GOHSEP and the other Region 1 parishes, through available communications, when it is ready to implement Tier-3 re-entry.

- D. General population re-entry will be implemented when the Parish President, in consultation with the Director of Emergency Management, determines that there are sustainable living conditions in Jefferson and that it is safe for the residents to return. General population re-entry may be allowed in all or parts of Jefferson Parish as conditions warrant. A “Look and Leave” period may be implemented to allow residents to assess damage to their homes and secure their property. If a Look and Leave period is implemented, strict time frames will be announced for the residents to enter and leave. Jefferson Parish will notify GOHSEP and the other Region 1 parishes through available communications when it is ready to implement the general population re-entry.

## V. Organization and Assignment of Responsibilities

Considerations for local government

1. The Evacuation Re-entry Plan shall be a special administrative assignment for the duly assigned Executive Assistant to the Parish President.
2. Pre-disaster duties include: **Each of these items must be completed annually by no later than May 1<sup>st</sup>.**
  - ☐ Every year the duly assigned Executive Assistant shall review this plan and update it accordingly.
  - ☐ Each year Emergency Management shall issue placards to new Tiers-1 and -2 businesses and issue renewal stickers to appropriate existing, registered Tiers-1 and -2 businesses.
  - ☐ Each year Emergency Management shall contact all Tier-1 hospitals, Parish and City contractors and update their employee lists and numbers.
  - ☐ Each year the Emergency Management Director shall file an updated copy of the re-entry plan with GOHSEP and the other Region 1 parish emergency management departments.

## VI. Direction and Control

All Evacuation Re-Entry activities will be coordinated through the Emergency Management Director in the EOC.

## VII. Records and Reports

All records and reports for the Re-Entry Plan shall be maintained by Emergency Management and copied to the appropriate Executive Assistant.

## VIII. Plan Development and maintenance

The Emergency Management Department will assume the primary responsibility for this plan.

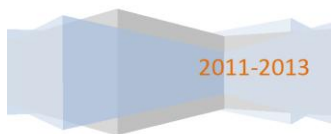


## Resource 7: Business Recovery Center Model

Fuel Small Business to Recover, Expand & Hire More Workers.

The goal after the Oil Spill was to develop county business recovery task force groups and centers using existing Chambers of Commerce to fuel small businesses to re-open their doors, recover, expand and hire more workers

Business Recovery Center Model  
Mississippi Gulf Coast



To complete this goal it was decided to develop a Pilot Model for a County Business Recovery Task Force & Center in Hancock County that can be replicated across the Mississippi Coast in two other counties: Harrison and Jackson

This was tackled by Hancock Community Development Foundation / Hancock Chamber of Commerce, Mississippi Coast Chamber of Commerce (Harrison County) and Jackson County Chamber of Commerce whom developed the model

which can be located [in this report](#).

Topics covered include: business recovery center benefits, business retention, expansion and attraction recommendations, economic diversification and resiliency, workforce development and education, and marketing & communications for tourism recovery. The link to the report is:

<http://restoreyoureconomy.org/wp-content/uploads/2013/02/Model-for-Business-Recovery-Center.pdf>

## Resource 8: NYC Restoration Business Acceleration

The City of New York has established the NYC Restoration Business Acceleration Team (RBAT) to assist businesses affected

by Superstorm Sandy by coordinating the services, permitting and inspections needed to reopen as soon as possible. RBAT builds upon the expertise of the New Business Acceleration Team (NBAT) which has helped more than 1,000 businesses employing more than 10,000 people open more quickly—in many instances cutting in half

the time required to open their doors. To date, RBAT has directly assisted 40 businesses. RBAT client managers serve as a single point-of-contact for impacted businesses, providing necessary information, coordinating scheduling with safety and regulatory agencies, and troubleshooting problems. To find out more information visit their website at <http://www.nyc.gov/html/nbat/html/rbat/rbat.shtml>.







## Resource 9: Executive Pulse Disaster Questionnaire



### Disaster Questionnaire Survey

#### SURVEY INFORMATION

Interview date\*

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Interviewer 1\*

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Interviewer 2

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Company contact\*

---

Survey information notes

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#### DISASTER QUESTIONNAIRE

##### I. Background

What happened?

- ☐ Chemical/Oil spill
- ☐ Earthquake/Tsunami
- ☐ Fire/Forest fire
- ☐ Flood
- ☐ Hurricane
- ☐ Landslide
- ☐ Snowstorm
- ☐ Tornado
- ☐ Other

If *Other*, please explain

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---

When did it happen?

---

How many employees did you have pre disaster?

---

How many employees do you currently have?

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## Resource 10: Synchronist Emergency Response Form

### SYNCHRONIST EMERGENCY RESPONSE FORM

| Company Information   |               |   |  |
|---|---------------|---|--|
| Company Name  |               | Date of Visit (mm/dd/yy)                  |  |
| Address   |               | City/State/ZIP                            |  |
| Contact Name  | Title or Role | No one available <input type="checkbox"/> |  |
| Phone (     )     -     Office     Cell   | Email Address |   |  |
| Interviewer(s)  |               |   |  |
| Lead Interviewer  |               | Organization                              |  |
| Other Interviewer(s)  |               | Organization                              |  |
| Emergency Event   |               |   |  |
| 1. <input type="checkbox"/> Hurricane <input type="checkbox"/> Earthquake <input type="checkbox"/> Flood <input type="checkbox"/> Tornado <input type="checkbox"/> Wildfire <input type="checkbox"/> Oil Spill <input type="checkbox"/> Other _____ |               |   |  |
| Facility  |               |   |  |
| 2. Has there been damage to the facility? <input type="checkbox"/> None <input type="checkbox"/> Minor <input type="checkbox"/> Significant <input type="checkbox"/> Major <input type="checkbox"/> Total   |               |   |  |
| 3. Facility damage comments _____   |               |   |  |
| 4. Are there obstructions blocking access to the facility? <input type="checkbox"/> Yes <input type="checkbox"/> No   |               |   |  |
| 5. Site damage comments _____   |               |   |  |
| 6. What is the estimated physical damage to the facility? \$ _____  |               |   |  |
| 7. How long is the estimated closure? _____ days  |               |   |  |
| 8. Have you contacted local Emergency Operations Center (EOC) offices? <input type="checkbox"/> Yes <input type="checkbox"/> No   |               |   |  |
| Workforce   |               |   |  |
| 9. Are workers able to get to your facility? <input type="checkbox"/> Yes <input type="checkbox"/> No   |               |   |  |
| 10. If no, why? _____   |               |   |  |
| 11. What is the estimated number of jobs impacted due to non-operation? _____   |               |   |  |
| 12. What is the estimated payroll affected due to non-operations? \$ _____  |               |   |  |

*Highlighted section to be completed by staff or volunteer; balance by business executive.*



## Resource 11: University of Wisconsin Disaster Survey

### Appendix B

#### Print and Online Survey Format for Small Business Owners

##### 1. Local Business Impact Assessment - Flood Damages

Flood disasters have caused almost \$200,000,000 in damages around the Milwaukee metro area since 2008. For businesses, the cost of recovery and impact on growth can take years. The Urban Planning program at UWM is conducting a study to understand business flood experience and recovery needs.

We would like your help, as a business owner, in identifying the cost of damages, lost production time, financial impact over time, and other problems. Approximately 100 subjects will participate in this study. Please make an attempt to answer the survey as completely and accurately as possible. A report will be shared with a task force consisting of local economic development leaders, business organizations, and disaster management professionals.

Your responses are voluntary and completely confidential, and no individual participant will ever be identified with his/her answers. You may choose to withdraw from this study at any time without penalty. Data from this study will be saved on a password protected computer. Only the involved researchers: Sammes White, Ph.D., Cal Stottel, and Gabe Rahmlow will have access to the information. Identifying data will remain anonymous and confidential. Reported information will be compiled to protect your anonymity.

Risks to participants are considered minimal. There will be no costs for participating, nor will you benefit from participating, other than to further research. You may receive this survey from more than one organization. If you have already filled it out, thank you for participating; there is no need to respond again.

By completing and submitting the attached survey, you are voluntarily agreeing to take part in this study. Completing the survey indicates that you have read this consent form and have had all of your questions answered, and that you are 18 years of age or older.

For more information about the study or study procedures, please contact Gabe Rahmlow at 414-302-2828, or email Cal Stottel at [stottelc@uwm.edu](mailto:stottelc@uwm.edu).

You may contact the UWM IRB at 414-228-3173 or [irbinfo@uwm.edu](mailto:irbinfo@uwm.edu) for questions about your rights or complaints towards your treatment as a research subject.

I thank you for your participation!

##### 2. Local Business Impact Assessment - Business Information

\* 1. Name of organization which you received this survey from:

\* 2. Business information:

Company:   
 Contact:   
 Address:   
 City:   
 ZIP:   
 Email:   
 Phone:



## Resource 12: SBA Emergency Communications Checklist

Communication in the aftermath of an interruption is vital – and creating an Emergency Communications Plan is an important step in assuring your business is able to communicate both internally and externally no matter what the scenario.

|  |   |
|--|---|
| <b>Determine Roles and Responsibilities</b>                    |   |
|  | Appoint primary decision maker/coordinator.                     |
|  | Appoint back-up decision maker(s).                              |
|  | Outline roles and responsibilities for additional participants. |
| <b>Determine Entities With Which You Communicate</b>           |   |
|  | Employees   |
|  | Stakeholders  |
|  | Shareholders  |
|  | Clients/Customers   |
|  | Regulatory Agencies   |
|  | Media   |
|  | Other:  |
| <b>Document When to Activate Plan, Using Criteria Such As:</b> |   |
|  | Length of time of outage/interruption.                          |
|  | Severity of interruption.                                       |
|  | Percentage/Number of employees, departments impacted.           |
|  | Prolonged loss of contact with clients and/or vendors.          |
|  | Other:  |



|   |  |
|---|--|
| ?   |  |
| <b>Determine, document and publicize a emergency communications plan:</b> |  |
|   | Phone/email tree (include spouse/family information for employees).  |
|   | Employee evacuation plan   |
|   | Website emergency messaging system   |
|   | Phone/Voice mail emergency messaging system  |
|   | Plan for multiple forms of communication: text, email, voicemail, etc.   |
| <b>? Educate employees about the communications plan</b>                  |  |
|   | Document in hardcopy and electronic formats.   |
|   | Train current and new employees.   |
|   | Remind employees about emergency communication plan, including pocket cards, fold-out cards, brochures and booklets. |
|   | Update information regularly and re-educate employees.   |