

# The Recovery and Resiliency Roadmap:

## A Toolkit for Economic Preparedness



## ECONOMIC DISASTER RECOVERY PROJECT



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## Background: Economic Disaster Recovery Project (EDRP)

In June 2013 the province of Alberta experienced devastating flooding. The Insurance Bureau of Canada declared it the costliest natural disaster in Canadian history. Four people died and over 100,000 people were displaced throughout the region as a result of heavy rainfall that triggered catastrophic flooding, prompting the declaration of 32 states of local emergency and the activation of 28 emergency operations centres.

In response to this natural disaster Economic Developers Alberta (EDA) partnered with the British Columbia Economic Development Association (BCEDA) to develop and implement the Economic Disaster Recovery Project (EDRP).

The Government of Alberta, Ministry of Innovation and Advanced Education; RBC; Shell Canada Limited; the Canadian Red Cross; and the Consulate General of the United States of America, Calgary committed funding for the EDRP Project. The EDRP team also partnered with the International Economic Development Council (IEDC), based in Washington, D.C., and its Restore Your Economy team to obtain additional economic disaster recovery resources and expertise.

### *Project Elements*

The EDRP was designed as a unique blended learning opportunity to provide economic development practitioners, and those in supporting roles, with both theoretical and practical training. It consisted of a number of elements including: webinars; community assessments by volunteer experts; inclusion of business retention and expansion legacy infrastructure; training for elected officials; a summary report and this toolkit, *"Recovery and Resiliency Roadmap: A Toolkit for Economic Preparedness."*

### *The Toolkit*

In June 2014, IEDC launched its U.S. disaster preparedness toolkit titled "Leadership in the Time of Crisis." We sincerely thank IEDC for allowing us to customize and present their content in a Canadian context. As a result, we are pleased to offer this Canadian version. While many U.S. case studies are still included in the toolkit, we have tried to insert Canadian examples where at all possible.

The statements, findings, conclusions, recommendations, and other data in this report are solely those of Economic Developers Alberta (EDA) and the British Columbia Economic Development Association (BCEDA) and do not necessarily reflect the views of the other EDRP organizational and funding partners.

We trust this toolkit will assist Canadian communities and elected officials as they continue to prepare for, respond to, and recover from various types of economic disruptions in the future.

### *Funding for this Toolkit*

The Recovery and Resiliency Roadmap: A Toolkit for Economic Preparedness has been funded in part by the following EDRP partners: The Government of Alberta, Ministry of Innovation and Advanced Education; RBC; Shell Canada Limited; the Canadian Red Cross; and the Consulate General of the United States of America, Calgary.

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## Partners

We would like to acknowledge the following Organizational Partners for their research and development of this project:



We would also like to acknowledge the EDRP Funding Partners for their support of the project which allowed us to customize the Toolkit for Canadian communities, as this Toolkit would not be possible without them.



## Chapter I: Introduction

Every area of the globe is vulnerable to disasters; whether they are natural events such as earthquakes, floods, and hurricanes, or man-made disasters such as terrorism, chemical spills, or nuclear accidents. Disasters often strike with little or no warning, and the damage can be in the billions of dollars. Communities can face dramatic social and humanitarian consequences in the wake of a disaster, as well as sudden economic losses and dislocation. Not only have disasters become more frequent in recent years, but also their impacts have become more costly.

In disaster-impacted communities, economic development organizations (EDOs) or chambers of commerce often lead economic recovery efforts by helping local businesses respond to impacts on their employees, their facilities, and their customer and supply networks. All too often, economic recovery becomes a piecemeal reaction, rather than a planned response, when disaster strikes. The key is to take steps ahead of time to ensure your organization can stay in touch with local businesses after any type of major incident and to set up a plan of action for disaster response and recovery.

Chapter I gives an overview of the potential economic impact of a disaster and reviews how economic development practitioners can prepare for recovery. It discusses critical disaster preparedness efforts and how even the smallest action can put your community in a better position to respond and shorten your community's recovery time. It also 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. Finally, it highlights best practices from disaster-impacted communities that have successfully recovered.

### *Economic Development Challenges and Issues with Disasters*

#### **Overwhelmed with Communication Challenges**

Local officials and community stakeholders have cited a breakdown in communication as one of the most difficult barriers to overcome immediately following a major crisis. Communication challenges associated with the disruption of telecommunications and the spread of unreliable information can greatly impede the economic recovery process.

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

- Communication between local government and the local business community
- Communication between the EDO/chamber of commerce and local businesses
- Public relations and community image problems
- Potential conflicts between various economic recovery stakeholders

Chapter VII on Crisis Communications 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. Just at the time when local capacity to provide increased or different services to residents and businesses is urgently needed, local and provincial governments, as well as business groups such as chambers of commerce and other non-profits, often face significant cash shortfalls and diminished human resources. Small jurisdictions are particularly vulnerable to basic operational challenges due to limited staff and budgets. Economic recovery plans and strategies are of no value to the public sector if there is no operational capacity to implement them.

In the U.S., in recent years, some organizations have used National Emergency Grants from the U.S. Department of Labor to help fund additional staff for business recovery centres. For example, after the 1997 floods in Grand Forks, North Dakota, and after Hurricane Katrina in Jefferson Parish, Louisiana, each utilized these funds to hire temporary personnel for their economic recovery efforts.

#### **Assessing the Damage on Businesses and Economy**

Disasters fundamentally change the social and economic makeup of effected 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 repercussions will also determine what resources are necessary for long-term recovery.

Even though each province will perform its own damage assessments after a major disaster, the community should seek to perform an *independent* economic impact assessment.

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)
- Loss of inventory
- 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)

### **Retention of Businesses Small to Large**

According to the Institute for Business and Home Safety (IBHS), at least one in four businesses will not re-open after a catastrophic event for many reasons, such as: 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 have a devastating impact 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 have 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 centre (BRC) to help local companies get the assistance they need to re-open or stay open. A business recovery centre serves as a one-stop shop to provide local, provincial, and federal resources to businesses after a catastrophic event. Case management is an approach that provides a business with financial and technical assistance on its own turf and dispersing recovery staff to individual businesses; whereas a BRC carries out disaster recovery functions through a centralized location. EDOs can provide other services to affected businesses, such as holding business workshops with representatives from various federal agencies (e.g., the CRA, Industry Canada, and Public Safety) combined with local resources, such as tax and accounting professionals. These ideas are discussed in greater detail in Chapter IV, Small Business Assistance.

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, provincial, 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.

In Chapter V, the toolkit provides more details on business retention and expansion efforts before and after a disaster.



### **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 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. EDOs and chambers need to provide additional assistance to small businesses, particularly in terms of capital and technical assistance.

After a disaster, small businesses may need 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. Short- and long-term financing mechanisms need to adapt to the specific, timely needs of businesses.

EDOs can help the small and medium-sized businesses in their communities to 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.

Another role is to work with other organizations like Community Futures and other federal agencies to develop loan programs that can be utilized by impacted businesses. EDOs can educate and partner with other financial institutions on the efforts being taken to rebuild the local economy following the disaster, and help to build confidence that business can survive.

Chapter IV provides further details on the challenges small businesses face following a crisis and a key role that EDOs should play in helping them in the recovery process.

### **Navigating the Federal System**

In the event of a large-scale natural disaster, the Government of Canada provides financial assistance to provincial and territorial governments through the Disaster Financial Assistance Arrangements (DFAA), administered by Public Safety Canada. When response and recovery costs exceed what individual provinces or territories could reasonably be expected to bear on their own, the DFAA provide the Government of Canada with a fair and equitable means of assisting provincial and territorial governments.

Through the DFAA, assistance is paid to the province or territory - not directly to affected individuals, small businesses or communities. Federal auditors process a request for reimbursement under the DFAA immediately following receipt of the required documentation of provincial/territorial expenditures and a review.

While provincial or territorial representatives have primary communication with federal agencies there is still a need for the local community, in partnership with provincial representatives, to take a proactive stance in working with federal partners. Communications with Members of Parliament, and other agencies should be kept informed of the work being completed in the community.

Even when federal resources are available, it is critical that localities - and economic development organizations - develop their own capacity to respond to and recover from a disaster. Economic development professionals 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.



## *Role of EDOs Following a Disaster*

Economic developers are uniquely positioned in the community to facilitate economic recovery initiatives after a disaster. After a catastrophic event, much of the work will be done in an environment of emotional and physical duress. The community may look to your organization to lead the charge for local economic recovery whether your organization plans for this role or not. The illustration below describes the various roles of economic developers in a normal environment as well as potential additional responsibilities in the event of a disaster. The activities and services provided by each organization depend on the unique needs of each community.

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 experience gained from IEDC disaster recovery teams.

### Short-term Strategies

The following short-term strategies include:

- 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 retention and 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:

- Business retention, expansion and attraction
- 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)
- 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, preferably someone from the lead economic development agency or a business leader. Speaking with one voice will help community stakeholders avoid delays, disputes, and confusion. This person needs to be informed of the community's economic resiliency and revitalization efforts on a regular basis to communicate appropriately with the media.



## How the Roles of EDOs are Impacted by Disaster

|                                | Normal Roles   | Roles in a Disaster (Above Normal Roles)   |
|--------------------------------|--|--|
| <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.  |
|                                | Develops programs to support business retention and new investment. Tracks the business community's health and vitality.<br><br>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 sectors.   | <b>After a Disaster</b><br>Creates a strategic plan for economic recovery embraced by community.   |
|                                | A catalyst and connector who invokes enthusiasm and excitement for projects that can bring positive change to a 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.  | <b>After a Disaster</b><br>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 stakeholders to facilitate business partnerships.   | <b>After a Disaster</b><br>Communicates local economic priorities and needs for policy changes to local, provincial and federal governments.   |

## Summary

EDOs need to be prepared for the reality that their community is vulnerable to some form of disaster. This chapter has introduced the major issues associated with a disaster and explained why economic development organizations should have 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 of the catastrophic event. Recommended preparation includes developing an economic recovery team to engage the private sector in important pre-disaster planning activities for your community and working on a business continuity plan for your own organization.

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.





## Chapter II: Disaster Overview

### *The Increasing Cost of Disasters and Their Impacts*

In Canada, since the inception of the Disaster Financial Assistance Arrangements (DFAA) program in 1970, the Government of Canada has paid more than \$3.4 billion in post-disaster assistance to help provinces and territories with the costs of response and of returning infrastructure and personal property to pre-disaster condition.

Not only have disasters become more frequent in recent years, but their impact has become more costly. Communities are facing both dramatic social and humanitarian consequences in the wake of a disaster, as well as sudden economic losses and dislocation.

The cost of a disaster goes up exponentially depending on the population density of the region in which the disaster occurs. Recent Canadian events such as the 2013 Alberta Floods, 2014 Manitoba Floods and the train disaster in Lac-Mégantic, Quebec are examples of this. For instance, in Alberta, the June 2013 flooding was the largest and most expensive natural disaster in its history. The provincial and federal governments are estimated to spend nearly \$5 billion to recover and rebuild. As of February 2014, governments have spent \$553 million in operating and \$40 million in capital spending, including over \$425 million in Disaster Recovery Program funding.

In the U.S., Hurricanes Sandy and Katrina have affected more populated areas than disasters in the past. They would not have had such an impact had they moved quickly through the areas, but they moved slowly over the coastal area. With Katrina, the failure of the levee and floodwalls surrounding Lake Pontchartrain caused flooding in New Orleans and its suburbs.



### Damage in the Built Environment

Increasingly, communities are becoming more willing to discuss planning and resiliency rather than solely focusing on recovery.

- Worldwide costs of natural disasters have increased steadily from an annual average of losses of \$25 million in the late 1980s to \$130 billion in the 2000s<sup>1</sup>.
- In 2013, Canadian insurance companies paid out a record breaking \$3.2 billion to policy holders<sup>2</sup>.
- Since 1989, U.S. insurance companies have paid out more than \$44 billion in damage claims due to natural disasters<sup>3</sup>.
- It is estimated that flood damage is reduced by nearly \$1 billion a year through communities implementing sound floodplain management requirements.
- Up to 86 percent of small and medium businesses fail within three years of a major emergency if no preparedness plan is in place<sup>4</sup>.
- The North American-based Small Business Majority found that 57% of small businesses have no disaster recovery plan. Out of those that do, 90% spend less than one day a month preparing and maintaining them<sup>5</sup>.

<sup>1</sup> <http://globalnews.ca/news/791811/natural-disasters-rising-costs-are-canadas-biggest-public-safety-risk-documents/>

<sup>2</sup> [www.ibca.ca](http://www.ibca.ca) – January 2104 Media Release

<sup>3</sup> Kliesen, K. L. (1994, April). The Economics of Natural Disasters. Retrieved from <http://www.stlouisfed.org/publications/re/articles/?id=1880>

<sup>4</sup> <http://www.smallbusinessbc.ca/general-business/your-business-ready-emergency>

<sup>5</sup> <http://www.smallbusinessbc.ca/general-business/your-business-ready-emergency>

### Canada Disaster Statistics<sup>6</sup>

Data related to human and economic losses from disasters that have occurred between 1980 and 2010:

|  |            |
|--|------------|
| No of events:                            | 81         |
| No of people killed:                     | 228        |
| Average killed per year:                 | 7          |
| No of people affected:                   | 168,514    |
| Average affected per year:               | 5,436      |
| Economic Damage (US\$ X 1,000):          | 13,873,100 |
| Economic Damage per year (US\$ X 1,000): | 447,519    |

### Types of Disasters and Their Impacts

Disasters can take many different forms and the duration can range from an hourly disruption to days or weeks of ongoing destruction. Below is a list of the various types of disasters- natural, man-made and technological- that can impact a community.

#### Natural Disasters

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

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 300 km/hr. Both earthquakes and tornadoes strike suddenly without warning. Flooding is the most common natural hazard, and requires an understanding of the natural systems of our environment, including floodplains and the frequency of flooding events. Communities are more vulnerable to wildfires in the event of extreme dry weather conditions or a drought.

#### Man-Made and Technological Disasters

- Hazardous materials and chemicals
- Building fire
- Power service disruption
- Environmental health
- Terrorism
- Chemical and biological weapons
- Cyber attacks
- Fraud and theft
- Civil unrest
- Radiological emergencies



<sup>6</sup> <http://www.preventionweb.net/english/countries/statistics/?cid=31>

Humans can also cause disasters. Hazardous materials emergencies can include situations like chemical spills, groundwater contamination and train explosions similar to the situation in the community of Lac-Mégantic, Quebec in 2013. Workplace fires are more common, causing both significant property damage and loss of life. Communities are also vulnerable to threats posed by 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.

### *Phases of a Disaster*

The U.S. National Governor's Association designed a four-phase model to help emergency managers prepare for and respond to disasters, also known as the "life cycle" of comprehensive emergency management: 1) mitigation; 2) preparedness; 3) response; and 4) recovery. The model is useful to frame issues related to disaster preparedness as well as economic and business recovery after a disaster.

|   |  |
|---|--|
| <b>MITIGATION</b><br>Pre-Disaster Mitigation Efforts  | <b>PREPAREDNESS</b><br>Education, Outreach and Training<br><br>Business Continuity and Emergency Management Planning |
| <b>RESPONSE</b><br>Immediate Response to Stakeholders<br><br>Establish Business Recovery Centre | <b>RECOVERY</b><br>Develop and Implement Post-Disaster Economic Recovery Plan  |

#### Mitigation

Mitigation involves steps to reduce vulnerability to disaster such as injuries, 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.

#### Preparedness

Preparedness focuses on understanding how a disaster might impact the community and how 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, and other logistical readiness activities.

#### Response

Response addresses immediate threats presented by the disaster, including saving lives, meeting humanitarian needs (e.g. food, shelter, clothing, public health and safety), cleanup, damage assessment, and the start of resource distribution.

- **Triage efforts** assess the most pressing emergency issues. This period is often 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 Canadian military (in the case of a major disaster) and non-profit resources such as the Canadian Red Cross, Salvation Army and Samaritans Purse are deployed immediately.
- **Business re-entry** into the economy begins during this phase. Businesses may initially 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 lost.
- **Business Recovery Centres** are quickly set up in a community to centralize small business resources (e.g., those provided by CRA, Industry Canada etc.), local bank officers, technical assistance providers, and other assistance critical to maintaining business continuity.
- **Federal resources** as well as provincial programs start to arrive; temporary housing goes up; and planning for the reconstruction of damaged infrastructure, facilities, and areas begins. The response phase typically continues through the sixth month, again depending on the nature of the disaster.

As the response period progresses, focus is shifted from dealing with 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 alignment, organizational capacity, staff, and resources. Economic development agencies and stakeholders may need to rebuild and may need additional staff, capacity building assistance and training.

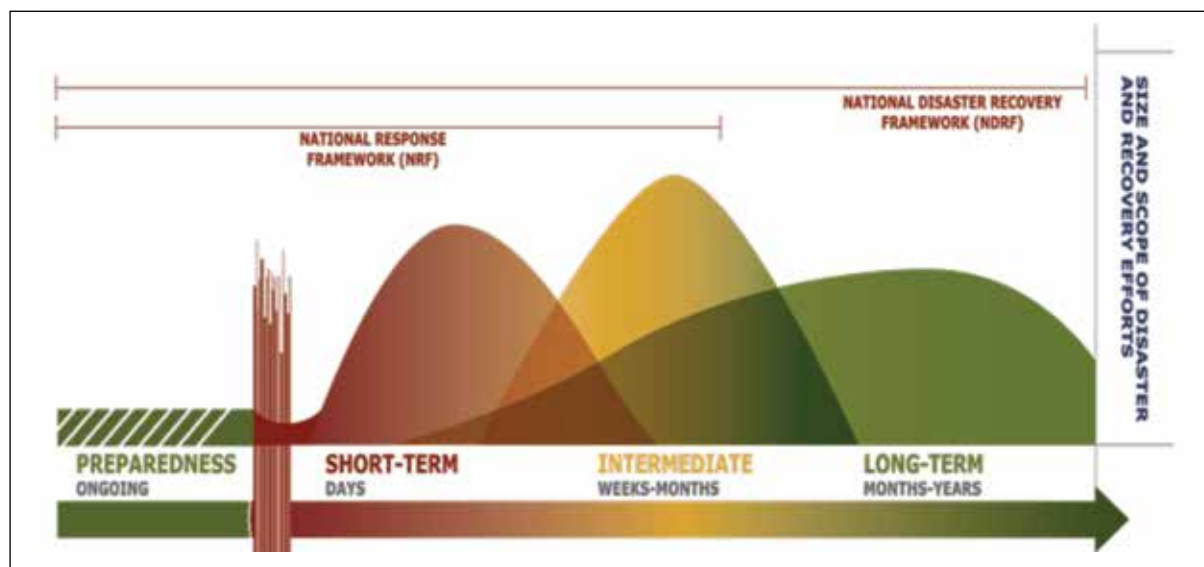
### Recovery

Recovery is the restoring of all aspects of the disaster's impact on a community. Communities must access and deploy a range of public and private resources to enable economic recovery. By this time, the impacted region has achieved a degree of physical, environmental, economic, and social stability.

Individuals and businesses move from temporary to permanent homes, while major reconstruction moves forward.

The recovery phase can be broken into two periods. The short-term phase typically lasts from six months to at least one year, while the long-term phase can take decades for the community's economy to return to some sense of normalcy. Long-term financing is critical as businesses adapt to a new environment, sometimes changing their business models. They may need to recruit and train a new workforce and find new customers and vendors. Investment in economic development capacity building becomes essential to foster economic diversification, attain new resources, build new partnerships, and implement effective recovery strategies and tactics.

It is important to understand that long-term business recovery and ultimately resiliency can take years even with strategic management. The following chart from FEMA's *National Disaster Recovery Framework* illustrates this:



For more specific details refer to [Resource Appendix 10](#).



## The Nature of Disasters

While the provincial and federal governments have a significant role in disaster response and recovery, it is important to remember that all disasters are local. They disrupt the physical, social, and economic landscape of neighbourhoods, towns, cities, counties, and regions. While some disasters such as hurricanes and flooding may provide some level of advanced warning, other events such as tornadoes or a terrorist attack provide little to no warning. They often catch communities off guard, requiring a high level of coordination between all levels of government to respond to the event.

In Canada, emergency management adopts an all-hazards approach to address both natural and human-induced hazards and disasters. These are increasing in both number and frequency across the world, resulting in ever growing human suffering and economic cost. Canada is not immune to these events. Natural and human-induced hazards and disasters have become more prevalent in urban and rural communities. Terrorist attacks on western targets are likely to persist. These events can have profoundly negative effects on Canadians.

Most emergencies in Canada are local in nature and are managed by the municipalities or at the provincial or territorial level. Moreover, accumulating risks associated with factors such as increased urbanization, critical infrastructure dependencies and interdependencies, terrorism, climate change, environmental change, animal and human diseases and the heightened movement of people and goods around the world have increased the potential for various types of catastrophes. Such events could transcend geographic boundaries to challenge emergency management, including response.

The ultimate purpose of emergency management is to save lives, preserve the environment and protect property and the economy. The protection of life is of paramount importance. In the broadest sense, emergency management raises the understanding of risks and contributes to a safer, prosperous, sustainable, disaster resilient society in Canada. Emergency management is comprised of four interdependent components as follows:

**Prevention and Mitigation**- to eliminate or reduce the risk of disasters in order to protect lives, property, the environment, and reduce economic disruption. Prevention/mitigation includes structural measures

(e.g. construction of floodways and dykes) and non-structural measures (e.g. building codes, land-use planning, and insurance incentives). Prevention and mitigation may be considered independently or one may include the other.

**Preparedness**- to be ready to respond to a disaster and manage its consequences through measures taken prior to an event, for example emergency response plans, mutual assistance agreements, resource inventories and training, equipment and exercise programs.

**Response**- to act during or immediately before or after a disaster to manage its consequences through, for example, emergency public communication, search and rescue, emergency medical assistance and evacuation to minimize suffering and losses associated with disasters.

**Recovery**- to repair or restore conditions to an acceptable level through measures taken after a disaster, for example return of evacuees, trauma counseling, reconstruction, economic impact studies and financial assistance. There is a strong relationship between long-term sustainable recovery and prevention and mitigation of future disasters. Recovery efforts should be conducted with a view towards disaster risk reduction.

These four interdependent components may be undertaken sequentially or concurrently, but they are not independent of each other. Emergency management in provincial, territorial and federal (FPT) governments adopts a comprehensive all-hazards approach to coordinate and integrate prevention and mitigation, preparedness, response and recovery functions to maximize the safety of Canadians. Ensuring a strong and seamless relationship across these components and with appropriate emergency management partners is critical to effective emergency management.

Traditionally, emergency management in Canada has focused on preparedness and response. It is now recognized that addressing the modern hazardscape requires FPT governments to deal with specific risks, hazards and vulnerabilities through prevention and mitigation as well recovery measures. Greater attention or investment in prevention and mitigation can prevent disasters or significantly reduce the social, economic and environmental costs and damages when events occur. Forward looking recovery measures allow

communities not only to recover from recent disaster events, but also to build back better in order to help overcome past vulnerabilities.

Effective implementation of the four emergency management components should be informed by robustness, redundancy, self-organization, and efficiency, which are key attributes of community resilience. Neither the emergency management components nor the attributes of community resilience should be seen as static end-states. Community resilience requires an emphasis on adaptability and flexibility guided by the principles outlined in the *Emergency Management Framework for Canada*<sup>7</sup>. For more details, see Chapter VIII on Navigating the Federal System.

## Government's Responsibility in Response and Recovery

### Local Government

Depending on the severity and magnitude of the disaster, the recovery process is likely to take months and years to bring the community back to some sense of normalcy. While provincial and federal government agencies can bring significant resources to a crisis, local government has the most knowledge of local assets and public management systems, as well as relationships with the impacted constituents.

Residents and businesses look to their local governmental leaders to lead the immediate response efforts as well as to support long-term recovery initiatives, particularly if they have trusted relationships with them. Community and business leaders are also the most invested in the long-term concern of the affected area.

Local government is responsible for providing the first level of response in emergency management. Local government assesses the local situation and activates an Emergency Operations Centre (EOC) following a major incident, which serves as the primary location where key decision makers gather information about the incident in order to manage the entire disaster response, including the facilitation of field operations for emergency service and disaster personnel. If the magnitude of the disaster exceeds the resources of the local community, the local government may request assistance from their provincial or territorial government.

### Provincial and Territorial Governments

After a major disaster, the premier of the impacted province and territory plays a key role in determining if the severity and magnitude of the disaster is beyond the capabilities of the province and affected local government and requires federal assistance. As local communities report on damage and impact, their role is to commit resources to assist local jurisdictions in responding to the incident.

This may include activating a provincial or territorial "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 or not to activate the Emergency Public Information procedures such as the Emergency Alert System or setting up a joint information centre. Depending on the magnitude of the disaster, the Premier's office may take steps to declare an emergency or disaster and request federal assistance.

Beyond the local community, provincial or territorial governments have a responsibility to respond to the emergency needs of its citizens. To do this, each government works 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 and/or disaster be at a level that will require a coordination of provincial as well as local government resources, the Premier of a province may declare a state of emergency, activating the province's EOP. Once a state of emergency has been declared, the full resources of the province can be accessed in order to respond to the incident.

<sup>7</sup> <http://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/mrgnc-mngmnt-frmwrk/index-eng.aspx>

## Federal Government

When disasters cause so much damage that they exhaust all local and provincial resources, it is time for the federal government to play a critical role in disaster relief and recovery.

### National Disaster Recovery Framework

Unlike the U.S., Canada does not have a National Disaster Recovery Framework. In the EDRP Summary Report, there is a recommendation that Canada should develop a more coordinated approach between all levels of governments. This could eventually lead to a National Disaster Recovery Framework in Canada.

The U.S. National Disaster Recovery Framework (NDRF) recommends local governments and tribes appoint a Local Disaster Recovery Manager or a Tribal Disaster Recovery Coordinator. One of their responsibilities should include participation in conducting impact or assessment studies. The NDRF sets up six Recovery Support Functions (RSFs) for federal agencies, including one for Community Planning and Capacity Building that is coordinated by FEMA. Among the designated roles of the Community Planning and Capacity Building RSF's many functions is to identify the "range and significance of the disaster's effects on Tribes, regions, and local governments in the impacted area. Additionally, the Infrastructure Systems RSF will participate in coordinating damage assessments when appropriate. Where possible, EDOs should seek to be involved in the assessment process to ensure that business and industry data is properly collected.

Public Safety takes the lead role in coordinating federal resources for immediate response and cleanup, but it also can enlist other departments to provide additional relief support in the early stages of a major disaster.

Public Safety defines partnerships in the following way:

All Canadians are involved in emergency management. Individual citizens, communities, municipalities, and federal, provincial, territorial governments, Aboriginal peoples, emergency first responders, the private sector (both business and industry), volunteer and non-governmental

organizations, academia, as well as international organizations and allies may be involved in emergency management. Good partnerships based on effective collaboration, coordination and communication are key components of FPT emergency management systems<sup>8</sup>.

For more detailed information on the roles and responsibilities of the federal government, refer to Chapter VIII, Navigating the Federal System.

### *Role of the EDO-Connecting the Public and Private Sector*

Economic development organizations (EDOs) may be a division of local government or may have public officials on their board of directors. In some cases, they are incorporated as a non-profit agency. Regardless of their structure, they serve as an intermediary between local government leadership and the private sector.

A key role for EDOs in the response and recovery stages is to help facilitate effective communication between the public and private sectors. Communication on such important subjects as availability of power, access to transportation networks and facilities, temporary facility space for displaced businesses and other issues is a critical activity in the initial days and weeks after a disaster.

In recent disasters, many U.S. communities are ensuring an EDO representative sits at the EOC to help facilitate this critical communication. This is something Canadian communities should look to replicate. The EDO may also choose to form an economic recovery team, like in the case in Polk County (2004) or Cedar Rapids (2008) as a focal point for information sharing between emergency management personnel, corporate leaders, and local business owners. These economic recovery teams aggregate information on damage to businesses and the local economy, and help to develop long-term strategies for economic recovery. They also may be involved in helping to establish a business recovery centre to serve impacted local businesses.

<sup>8</sup> <http://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/mrgnc-mngmnt-frmwrk/index-eng.aspx>

While the short-term recovery focus for local government is often on debris removal, permitting as well as restoring power, the community will start to be concerned with activities that bring some sense of normalcy, including the redevelopment of infrastructure and property. As the community moves into phases of long-term recovery, local government plays a critical role in creating a disaster recovery plan for the impacted area with significant involvement by residents, businesses, and other local constituents. It also continues to monitor community impact, identify priority projects and communicate long-term recovery needs to provincial and federal officials, as well as assist with grant compliance for all provincial funding.

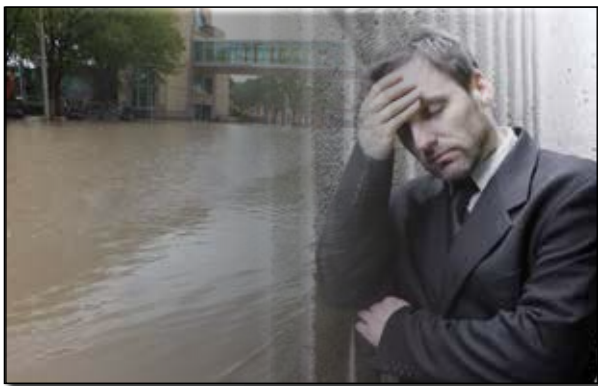
Economic recovery is a critical area of focus for recovery as many community leaders have suggested that getting the local economy operational helps to spur community recovery. Without jobs and income, few residents will remain in the affected area. Local businesses need to open their doors as quickly as possible, local workers need access to those facilities, and all of the public services, infrastructure and utilities that help support business activity need to be operational to facilitate the movement of people, goods and services. Local government, utilities, and public safety personnel need to partner with local businesses and their intermediaries to make all of this happen.





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

Since all communities are vulnerable to some form of disaster or emergency situation; they should prepare to protect their local economies from the effects of a disaster. It is therefore critical that economic development organizations develop their own capacity to respond to and recover from a disaster. Local governments will put emergency management plans into action after a crisis that are likely to have a direct impact on business recovery, such as community re-entry, access to property, cleanup activity, etc. Therefore, the business community should be aware of these emergency management response plans in advance of a major incident.



Business continuity is the process of planning and engaging in preparedness activities that centre on enhancing business resilience to a major emergency or disaster. This includes establishing recovery strategies for critical business functions and making contingency plans. Business continuity should equip businesses with the defenses needed to survive threats, emergencies or disasters.

EDOs must make preparations ahead of time to ensure that it can continue operations, stay in touch with local businesses after any type of major incident, and establish an effective plan for disaster response and recovery. There are a few critical actions your organization should take to ensure you adequately serve your local business community. Even small actions taken in advance will put your community in a better position to respond to a disaster and shorten your community's recovery time. This may also involve creating a business continuity plan for your EDO or chamber.

### *Identifying Critical Business Functions*

Immediately following a disaster, EDO's are likely to be operating at reduced capacity. Any number of factors could affect operations, such as displaced staff, damaged facilities, reduced operational funds, and/or utility outages. These organizations will still need to respond to the immense post-disaster economic recovery needs in their community. In order to do this, EDO's need to understand the critical business operations 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 above 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) Have 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 should work in conjunction with a risk assessment analysis you should also perform.

The Insurance Institute for Business and Home Safety (IBHS) has developed the OFB-EZ™, which is a new streamlined business continuity program for small businesses. It is a user-friendly tool designed to help them quickly re-open and resume operations following a disaster. A copy of the tool can be found in Appendix 1. 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); most of these are U.S. based resources.

## **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 (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))

### **Considerations when Determining Criticality of a Function**

- Reference the following considerations when determining the criticality of each business function
  - What is my organization's core business?
  - What would the consequences be if I lost or did not have access to my:
    - Facilities/buildings
    - Contents/ inventory
    - People (employees or customers)
    - Vital records
    - Equipment
    - Utilities
    - Support Systems (e.g. computers, networks, communications, transportation)
    - Suppliers

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

For a more comprehensive business continuity toolkit, download the Open for Business (OFB)® Basic Toolkit at [www.disastersafety.org](http://www.disastersafety.org). It provides 50 pages of content and forms to help make sure small and mid-sized businesses are prepared to withstand the effects of natural and human-caused disasters.

## Understand and Adjust Your Insurance Plan

Your organization should review its insurance plan annually to make sure you have 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 flooding, tornadoes, forest fires, earthquakes or hurricanes?**

You should be aware of what your insurance will and will not cover. Too many organizations are underinsured because of a lack of knowledge about their insurance policy.

- **Do you need to buy additional insurance coverage?**

Most commercial property insurance does not cover flood or windstorm damage. Overland flood insurance is available for businesses excluding those operating out of the home. It is the responsibility of businesses to confirm and understand their insurance coverage.

- **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 organization grown in recent years?**

If so, you'll need to review the liabilities for your organization in terms of expanded equipment or operations. Are you covered for sufficient amounts to either rebuild the structure of your 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.

### 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

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/>.



### 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 critical 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. 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 80 miles away. A backup location will depend on the type of disaster your community is vulnerable to. This enables your organization to focus on important recovery initiatives, not retrieving 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\*](#).



### *Identify a Backup Office Location*

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 High River, Alberta, the emergency operations centre had to be relocated three times due to flooding which further compounded the crisis.

### *Establish a Backup Data System for Your Organization*

Your business operations rely on access to data and information. An Economic Development Organization (EDO) should arrange for a remote data backup of its computer network. Your organization may want to consider the services of a data centre and disaster recovery facility where your data is backed up in real time. Some experts recommend a backup off-site location that is at least 50 km away but that depends on the type of disasters your organization may face. A hurricane can have a path larger than 50 km so it may be wise to consider another province.

Your organization 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. See the text box on the Joplin Area Chamber of Commerce's efforts to establish a backup data system prior to the 2011 tornado.

### **Supply Checklist for Disaster Response**

Ensure your business has a disaster response kit with the following items.

- All-Hazards NOAA Weather Radio (NWR)
- Working Smoke Detectors and Fire Extinguisher
- First Aid Kit
- Medications and Personal Items
- Flashlights and Light Sticks
- Battery Operated or Wind-Up AM/FM Radio
- Bottled Water
- Nonperishable Food and Utensils/Paper Supplies
- Tools and Other Supplies
- Blankets
- Camera
- Cash and ATM/Credit Card(s)
- Emergency Contact List

Source: The Institute for Business & Home Safety (IBHS)'s original Open for Business© (2007).

Note: A PDF form to list critical supplies is available at [https://www.disastersafety.org/wp-content/uploads/8\\_Supplies.pdf](https://www.disastersafety.org/wp-content/uploads/8_Supplies.pdf)

### *Collecting Critical Emergency Contact Information*

#### Local Businesses

When a major disaster strikes, communication channels are commonly disrupted when a community needs them most. EDOs should prepare to have several different ways of contacting local businesses. Disasters can disrupt power sources, which means Internet and e-mail 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. Programs like ExecutivePulse<sup>9</sup> have been specifically created to help EDOs collect this type of data. EDOs purchase a software license and then input basic company information and alternative contacts prior to a disaster.

<sup>9</sup> [www.executivepulse.com](http://www.executivepulse.com)

The data is easily accessible as it is backed up off site. 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.

### Employees

It is critical for you to 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. Procure key contact details for your employees, including personal cell phone and e-mail addresses. They will need to be informed of the status of the business operations and where they should report to work depending on the magnitude of the disaster and its impact on the built environment.

In communicating with employees, it is important to consider options in the event of the telephone system not working or a major power outage. 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-province 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 e-mail to both work and personal e-mail 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.

An important question is whether your disaster plan takes into account the needs of your employees, including their safety and well-being, 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. 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 (EDOs) 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:

- Engaging and educating the business community in disaster preparation
- Planning for economic preparedness in the face of disasters
- Building organizational capacity for economic recovery
- Establishing a tiered system of business re-entry
- Making preparations for business financing after a disaster
- Preparing media messages and communication channels
- Developing redevelopment and re-use strategies
- Considering opportunities for sectoral strategies within workforce development preparations

#### **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 modes of transportation
- Provision of emergency housing
- Short-term financial aid for immediate needs
- Childcare facilities
- Payroll continuity is key!

## Corporate Partnerships

Engaging the business community in a community's disaster planning, response and economic recovery efforts can be very beneficial. Many corporations have developed significant internal technical expertise and knowledge of how to prepare for, manage, and recover from disasters; however, this knowledge is rarely shared with civic leadership or integrated into their disaster planning activities.

Historically, communities and governments have not partnered very well with the private sector. In order to be successful, it is important that all parties understand the unique resources and assets, what their real needs are, and how they can best work together to achieve mutually beneficial results.

In the U.S., many states and local jurisdictions are actively entering into public-private partnerships to improve their capabilities in emergency management. The National Partnership-Business Operations Center Alliance ([www.njbf-beoc.com](http://www.njbf-beoc.com)) was formed to help strengthen the capacity of the public sector, private sector and Department of Defense to prevent, prepare for, respond to, and recover from disasters. This is done through effective education, scientific research, and organizational partnerships to include but not be limited to private sector, public sector, and federal agency partnerships.

Partnerships between public and private sector organizations can help increase a community's preparedness in other ways. Some examples of public-private partnerships that have been successful include:

- Safeguard Iowa Partnership - (<https://safeguardiowa.wildapricot.org>)
- Chicago FIRST- (<https://www.chicagofirst.org>)
- Citizen Corps (USA)- ([www.citizencorps.gov](http://www.citizencorps.gov))
- Ready Campaign- (<http://www.ready.gov>)
- All Hazards Consortium- (<http://www.ahcusa.org>)

Some of the most obvious benefits of increased public-private sector collaboration include:

- Improved decision-making
- Increased access to resources and technical capabilities
- Expanded reach and access for disaster preparedness and relief communications

- Improved coordination
- Increased effectiveness of emergency management efforts
- Stronger relationships built on mutual understanding
- More resilient communities
- Increased capacity to prevent, protect against, respond to and recover from major incidents

Emergency management is a discipline many corporations integrate into their daily operations. For many, developing an emergency plan is a cyclical process that is common to many risk management disciplines like Business Continuity and Security Risk Management. In order to avoid or reduce significant losses to a business, emergency managers are trained to identify and anticipate risks in advance, and then to try to reduce their probability of it actually occurring.

They identify procedures to determine whether an emergency situation has occurred and at what point an emergency management plan should be activated. For example, Shell Canada Limited engages in 'situational awareness planning,' which helps them create action plans when certain thresholds are crossed. If an emergency occurs, these managers have a plan in place to mitigate risks and ensure business continuity of critical operations.

Communities can learn from corporations in the areas of emergency preparedness, risk identification and mitigation, as well as recovery. A corporation like Shell Canada Limited has technical expertise and resources that could be very valuable for communities both before, during and after a disaster. The challenge is how to best match this asset with a community's need.

The issue of resilience is also quickly emerging as an increasingly critical priority for the private sector. Resilience is about anticipating, managing, and responding to sudden change with agility, speed, and resourcefulness. Resilience is important for everyone: employees, suppliers, businesses and communities.

In a crisis situation, responders from different organizations may find their priorities and goals in conflict with each other. By engaging corporations, government leaders and economic developers in preparedness drills and exercises on a regular basis, those involved in response and recovery efforts begin to develop a shared understanding of

basic principles and processes, should the need for activation occur. It can also help create and nurture organizational relationships; promote a mentoring environment allowing inexperienced participants to build competency and expertise; and meet portions of contingency plan readiness requirements.

The private sector can bring significant resources and expertise to the economic recovery process of disaster-impacted communities. In fact, significant benefits can result if communities are able to enhance the level of public-private sector collaboration in their economic recovery efforts. For example, the private sector can:

- Provide technical support services or in-kind donations of goods or services for the preparedness and emergency response phases of disaster management
- Improve disaster consciousness of the general population and local business community through participation in awareness initiatives
- Contribute time, products, and money
- Make a commitment to stay in the community, to rebuild, retain employees, even expand and reinvest. This helps build community confidence which is critical to recovery
- Identify issues for post-disaster business re-entry and help develop a tiered system for business re-entry
- Identify contracting and procurement opportunities for economic recovery services for local businesses
- Help find solutions for workforce housing
- Organize capital availability for businesses
- Review plans and preparedness tactics- many large corporations have emergency response planners on staff
- Provide security personnel
- Help identify other financial resources
- Identify local resources for technical assistance to businesses

Corporations identify functions, not people, in their response and recovery plans. Given potential staff turnover between disasters, this practice helps ensure the right functional role is at the table, not necessarily a specific person. This practice is something government should also consider given recent cutbacks and restructuring within departments. Unfortunately, many times corporate knowledge and experience gained in previous disasters leaves when a person retires or

changes jobs.

Another interesting model is the formation of mutual aid groups. For example, Sundre, Alberta is home to the Sundre Petroleum Owners Group (SPOG), which is a mutual aid group, consisting of representatives from industry, government and non-profits. In Alberta, there are currently 16 mutual aid emergency response groups in operation. Some have been in place for over 20 years, and some are in the beginning stages. Their purpose ultimately relates to mitigating risks in their area. Membership usually consists of those who have a role in emergency response management; however, membership varies, and usually falls under one of the following types:

- Municipal only
- Industry only
- Municipal/industry combined

Since 2009, mutual aid groups in Alberta have voluntarily brought together to discuss best practices, common challenges and solutions as a collective. Mutual Aid Alberta ([www.mutualaidalberta](http://www.mutualaidalberta)) is trying to build a provincial network to support emergency management; it is something Alberta government, industry, community groups and organizations should support.

Another way for communities to engage businesses would be to establish a Business Emergency Response/ Recovery Team (BERT) that would identify the roles and responsibilities for the economic development organization; other business, trade and professional organizations; individual business owners and operators; and non-profit organizations that support economic resiliency. Local teams would support the local emergency management mission and direct local business assistance and economic recovery initiatives. They also address a number of community objectives including: eliminating duplicate efforts with limited resources; acting as a force multiplier by securing and deploying resources from local businesses; matching local and regional private sector resources to specific capabilities; deploying assistance to local businesses and addressing business and workforce retention challenges.

If a corporation provides financial services, like a bank, it has a key role in providing timely, flexible financing solutions for small businesses. It can also play an important role in educating its clients on the topic of financial literacy as it relates to insurance payouts. For

example, in the Gulf Coast, some business owners took the insurance money and did not invest it wisely.

Involving the business community in the disaster preparation process at an early stage will help ensure their specific needs are addressed in emergency plans, and increase their resilience to the disaster's impact. Yet business owners and executives don't naturally see their role in a community's disaster preparedness effort. While local government has the legal responsibility to address disaster risks and develop emergency management plans, a business owner or an executive's busy schedule will dictate their minimal involvement.

### *Other Ways to Obtain Corporate Engagement*

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 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. Economic recovery teams should 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 re-entry for critical businesses that need early access back in the community following a disaster.

After the 2001 Nisqually earthquake in Seattle, Washington 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: 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.



### 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 labour, [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

A mix of strategic representatives from both the private and public sectors should be invited to participate in the economic recovery team. Otherwise, decision-making on economic recovery topics is left to non-business, and potentially inexperienced individuals. Even a well-intentioned public official may not understand the scope of the economic impact of the seemingly simple decision to close 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, chamber of commerce, 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 decisions that could

delay the recovery effort, and understands the private sector’s priorities for re-investment and redevelopment. Trust is established as these stakeholders cooperate in the pre-planning phase so 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 with a position of authority to provide proper support to the team. It should be someone that 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.

### Review Comprehensive Emergency Management Plans

The economic recovery team’s first task should be to review the community’s existing emergency management and mitigation plan with a focus on the plan’s 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. The plan should discuss business re-entry, 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:

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

An EDO can have 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. One valuable source is IEDC's Restore Your Economy web portal (<http://restoreyoureconomy.org>). There you will find a series of recommendations and resources for conducting planning efforts for economic preparedness. For more details on these pre-disaster planning activities, review the chapter on Strategic Planning.

#### **Case Study: Slave Lake, Alberta**

In 2011, fire forced the evacuation of 7000 residents from Slave Lake, Alberta. The fire destroyed nearly one-third of community and many surrounding homes and is considered one of the most costly disasters in Canadian history.

Key government buildings were lost in the fire and many of the community's emergency personnel lost their homes. As a result there were stages during the fire where communication between key responders was lost.

A valuable lesson from the fire links directly to the need for emergency personnel and municipal government officials to coordinate disaster response lists 'prior' to an emergency and to house the list in more than one location. Prior to the disaster, you should develop a contact list of first responders, emergency personnel and utility companies including cell phone numbers and personal email addresses.

### ***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. It is estimated that one in four small businesses are expected to experience a disruptive disaster in the near future –regardless of their location. Approximately 60 percent of those small businesses do not have even a basic emergency response plan. Of those businesses without a plan, 86 percent fail within three of a major emergency if no preparedness plan is in place<sup>10</sup>.

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. Communities can't afford to lose small businesses, especially when they 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.

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

EDOs 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 mentioned in next section.

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

<sup>10</sup> <http://www.smallbusinessbc.ca/general-business/your-business-ready-emergency>

### **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 network and brought in teams of local experts to speak on the various aspects of continuity planning. 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.

Chamber 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, e-mail, 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 and water, as well as where they can access business recovery resources.

Immediate outreach to business owners in your network will demonstrate 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 they should be involved in. For further ideas on communicating in a crisis, see the Crisis Communications chapter in this toolkit.

#### ***Establish a Business Re-entry 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 could lose their perishable inventory, employees and existing customer base. In the case of Galveston, Texas after Hurricane Ike, business owners were not allowed to enter the community for 12 days, which allowed floodwaters to further destroy facilities and inventory. This same situation occurred in High River, Alberta causing business owners a significant amount of stress.

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 products and services like local grocery, gas, daycare and health services in the impacted area. These 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 re-entry 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 re-entry to facilitate priority businesses gaining early access to their facilities. It essentially works as a credentialing program where ID cards or passes are issued to 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 re-entry, but law enforcement officials can use them to expedite the return of critical personnel.

This tiered re-entry system will facilitate timely re-entry of critical businesses to assist in the community's recovery effort. Without an approved re-entry plan, the local economic recovery engine will be severely hampered at a time when the community needs this engine to be available.

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

Within the first or second week following a disaster, a community should establish a business recovery centre (BRC) to meet pressing needs in the business community. A BRC serves as a one-stop shop to provide local, provincial, 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. Services not tailored to businesses or the owner's needs should be separated from a BRC.

The EDO should develop a plan for establishing business recovery to outline the proposed location, services, and economic recovery partners that will serve the centre. These centres can be 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 trailer. They should be centrally located for those businesses most impacted by the event. Typical partners represented at the centre are usually business assistance providers. The plan for a business recovery centre should be shared with all other economic recovery stakeholders/partners.

### **A Three-Tiered Re-entry System Following an Evacuation**

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

**Tier 1:** The first tier is commonly reserved exclusively for re-entry 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 re-entry 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: Town of High River Re-Entry Plan

In 2013, The Town of High River implemented a phased re-entry plan due to the fact there was consideration variation in the state of homes. Re-entry proceeded gradually because neighbourhoods were integrated with common access routes, utilities and other systems. Safety teams patrolled the area and maximum safety precautions by residents were encouraged because of the condition of some of the homes. Two weeks after the flood, nearly 95% of the businesses were in various stages of recovery. In order to facilitate an orderly re-entry process, The Town and Alberta Government developed a three phase re-entry:

#### Phase 1 - Town Made Safe

This phase was focused on achieving key re-entry criteria, setting up the Re-entry Station and Welcome Centre. As directed by the Emergency Operations Centre, this phase allowed for re-entry of designated locations within the town. Government officials communicated with residents at reception centres, comfortable were built, interim accommodation was secured and controlled bus tours were arranged that originated from reception centres to the town. When the Emergency Operations Centre felt confident this phase was complete they declared the move to Phase 2.

#### Phase 2 - Staged Re-entry

As directed by the Emergency Operations Centre, times and locations for occupation of the town were released to the public. Residents were advised of the area ready for re-entry, the date and time of re-entry, and the location of the Re-Entry Station. Staging during this phase allowed those with businesses and/or residences that were habitable to re-enter and remain. Those with businesses and residences that were not immediately habitable or uninhabitable were advised to check in with the Re-Entry Station and return to their interim accommodation. When ready, the Emergency Operations Centre declared commencement of Phase 3.

#### Phase 3 - Termination of State of Emergency

Once all practicable re-entry was complete, the Emergency Operations Centre will shut down and an official handover took place with the Town of High River. The phase ended when the Associate Minister recommended termination of the State of Emergency to the Lieutenant Governor in Council. The Assistant Deputy Minister's Recovery Task Force was set up to assist with long term recovery and restoration efforts.

The full report can be accessed at <http://alberta.ca/albertacode/images/High-River-Reentry-Plan.pdf>

### Establish a Business Recovery Fund

Before a disaster, EDOs should bring local banks to the table to discuss how they can make business loans available to disaster-impacted businesses for recovery purposes.

A province or territory may also choose to establish business recovery programs to assist businesses following a disaster. For example, the Government of Alberta established a Small Business Rebuilding Program after the 2013 floods, targeted specifically to businesses with 21 to 50 full time employees (FTE). It was designed to complement their Disaster Recovery Program (DRP) that assisted businesses with up to 20 employees, and the Hand-up Plan which provided low-interest loans and interest rebates to small businesses.

### Disaster Planning for Economic Recovery

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. A community engaging in difficult conversations regarding redevelopment choices before a major disaster strikes can prevent dissatisfaction in an already challenging situation afterwards. EDOs should engage community and business stakeholders in a process to discuss sensitive topics such as land use, property re-use and redevelopment priorities, particularly in environmentally sensitive areas.

Sources of capital for redevelopment projects should be identified by EDOs well before a disaster occurs. Government funding can take time to administer, which is why private and non-profit dollars should be leveraged when possible.

The community should hold discussions around improving building codes and using improved building materials to build more resilient communities. Community and business leaders should consider both disaster resiliency as well as energy efficiency in these conversations. Improved building codes are likely to increase the cost of construction, which can meet with

some resistance from the business community. Still, the community should work through the costs and benefits of building.

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

### Case Study: Jefferson Parish's Re-entry 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 Hurricanes 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. Traffic was restricted to emergency and utility vehicles only.

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 an "on-the-fly" re-entry 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 re-entry 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 Re-entry Application Process – a tiered re-entry system that was composed of the following three levels:

- Tier 1:** Primary infrastructure and major utility companies, pre-designated government staff and contractors, suppliers of emergency relief goods and equipment;
- Tier 2:** Humanitarian relief agencies, small disaster response teams of large businesses essential to the economy of Jefferson Parish, 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 had an online system for registering local businesses and allowing them to apply for re-entry 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.

Over time, this re-entry program has become a regional system whereby a common database is shared amongst regional parishes in the Greater New Orleans area so re-entry credentials can be honored in nearby parishes.

## ***Communications Before a Disaster: Getting Organized for a Major Incident***

The lead economic recovery organization has two important roles in communicating with businesses in a post-disaster situation. The first is listening to businesses in order to understand their needs. The second is to quickly disseminate relevant information to businesses regarding available resources and service providers that can help with cleanup, financing and rebuilding efforts. In a post-disaster response environment, communication with businesses should be frequent, consistent and provide useful information to help businesses and other economic recovery stakeholders rebuild.

In Chapter VII, there are suggestions on creating an emergency communications plan such as communication messages; how to determine roles and responsibilities of various economic development stakeholders in different communication activities; and the provision of other crisis communication resources for the economic development community.



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## ***Resources***

**Disaster Recovery Institute Canada** ([www.dri.ca](http://www.dri.ca)) provides education, based on continuity management professional practices, to individuals and organizations in Canada. They also provide a certification system based on professional practices attesting to the knowledge and experience of continuity management professionals, and promote the credibility and professionalism of its members.

**New York University's International Centre 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.

**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.

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

**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.

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

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

**The Association of Contingency Planners** ([www.acp-international.com](http://www.acp-international.com)) is dedicated to protecting lives, safeguarding businesses and fostering community resiliency. It has become a unifying force in defining and leading the continuously evolving fields of business continuity, disaster recovery and emergency response.

**The Business Continuity Institute** ([www.thebci.org](http://www.thebci.org)) is the world's leading institute for business continuity. Established in 1994, the BCI has established itself as the leading membership and certifying organization for Business Continuity (BC) professionals worldwide. It has a Canadian chapter with active members across Canada and various regional forums.

**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

After a disaster, many small businesses identify financial assistance to repair and rebuild their livelihoods as their greatest immediate need. Depending on the nature of the disaster, businesses may actually have to shut down for a period of time. Many of these are reluctant to take on additional debt and pay interest due to a significant decline in their number of customers and the risks of operating in a post-disaster environment.

Small businesses have also identified challenges such as: working with their landlords around covering renovation costs, not receiving insurance payments for damages (many businesses don't have flood insurance), a lack of clear direction on who to contact for available recovery resources, and a lack of insurance on business interruption and property damage insurance. Other issues are the negative perception of the area that may be keeping residents, tourists and future business owners away as adjacent stores are left vacant, leaving gaps along commercial corridors.

In this chapter, we discuss the importance of quickly responding to the small business needs that are mentioned above, providing the link to capital access but also connecting small business owners with one-on-one counseling to help address their individual needs in terms of business planning, marketing and accounting. The first section focuses on how to establish a business recovery centre, which provides the structure and the location for delivering much of this needed technical and financial assistance.

### *Establishing a Business Recovery Centre for Business Assistance*

Immediately following a major disaster, a business recovery centre (BRC) should be established to meet the pressing needs of local businesses, particularly when a large number of businesses have been affected. A BRC is a one-stop shop set up to provide local, provincial, and federal resources to businesses – often small and medium-sized firms – after a catastrophic event to help them recover. They should be designed to 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. With the appropriate resources and skilled staff, these centres help connect impacted businesses

with the critical resources to ensure their long-term survival.

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 they can. This is particularly important for small businesses that lack capital reserves and resources to weather lengthy business disruption. Business retention efforts should be high a high priority for all economic development organizations, chambers of commerce, business improvement districts or Business Improvement Associations, business councils, industry trade associations, Community Futures, and other organizations providing support services to the local business community. A BRC also serves as an important vehicle for local and regional economic development, recovery partnerships and coordination.

A BRC can also serve to facilitate the flow of critical communication as centre 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 Centre (EOC) to get access to this information. They also are in direct communication with the business community and are able to facilitate the exchange of information back to government officials. See Chapter VII for more information on communication and outreach strategies.

### *Who is Involved?*

An economic development professional often takes responsibility for establishing the centre in cooperation with local, provincial, and federal partners. For rural areas, regional economic development or provincial staff is likely to have representation at the centre.

Representatives of financial institutions that work with government to provide assistance loans may staff business recovery centres. This would include financing sometimes coordinated by agencies like Community Futures. Other representation may include other type of alternative lenders and resource providers such as Futurpreneur, SCORE, specialized technical assistance counselors, chambers of commerce or workforce development entities.



## **Steps for Establishing a Business Recovery Centre**

The steps for establishing a business recovery centre (BRC) are outlined below. Ideally, a community has already 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: community colleges and universities, local financial institutions, workforce development agencies, 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 be distributed 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 the disaster recovery centre (DRC).**

Communities typically establish a business recovery centre (BRC) in the most impacted area to provide close access to affected businesses. Locations could be in a conference space of a local business, a vacant retail space in a mall, a trailer, etc. It is important to arrange for two backup offices in case the main office is damaged in the disaster.

Business support services at a BRC are typically established separately from disaster recovery centres (DRC). This enables businesses to quickly get the services tailored to address their respective needs and helps avoid confusion that may be associated with individuals who are more in need of social services. As noted by economic recovery practitioners, businesses will begin to complain or stay away from these centres if the services are not set up to take into account the limited time they have and specialized information they need as business owners.

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

Immediately following a disaster, economic development organizations and chambers of commerce are likely to operate at reduced capacity. This may be caused by a number of factors such as displaced staff, damaged facilities, utility outages, and/or reduced operational funds if the organization relies on membership dues. The BRC will need staff capacity in order to respond to businesses' immense recovery needs.

EDOs should invite local, regional, and federal partners to place staff in the BRC and delegate in advance who will fulfill each recovery function based on their capabilities, networks and resources.

Following Hurricane Katrina, a number of EDOs and chambers used the U.S. Department of Labor's National Emergency Grants (NEGs) through the Workforce Investment Board (WIB) to fund staffing for the centre for a three- to six-month period of time. While traditionally used for cleanup activities, these grants also help provide financial assistance for additional staff to work on economic recovery efforts. It is recommended that you contact your provincial and federal departments responsible for labour, or your elected representatives to find out if there are plans to provide your community or your organization with specific funding to hire additional workers for recovery work.

### **Step 4: Set up a hotline for business recovery.**

Establish a hotline for businesses so that individuals can call with their business concerns. This is discussed in further detail in Chapter VII.

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

The lead organization should develop a marketing and promotion campaign to advertise the business recovery centre's location and services. Consider traditional methods, such as a reference on your organization's website homepage; local media channels such as radio, print newspaper and TV advertisements, as well as a well-located billboard where you can also advertise the hotline number.

Consider promoting through more alternative methods, such as: distributing flyers directly to impacted businesses and local chambers, business organizations, city hall and for 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 BRC also provided documents in Spanish and French.

#### **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 at the BRC. The psychological impacts of disaster can be great – especially if there is a large social and humanitarian component. Initially following a disaster, there is surge of adrenaline associated with surviving the event, but this feeling eventually diminishes. It is important that business counselors learn to pay attention to the needs of others, identify the warning signs and connect those individuals with adequate mental health care workers who can assist.

#### **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, the community adjacent to New Orleans, established their “One Recovery Centre” within two weeks after Hurricane Katrina with 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 BRC open anywhere from a few months to as long as a year for extremely large-scale disasters such as Hurricanes Katrina and Sandy or the flood in High River. Consider applying for federal grants to fund temporary workers at the BRC as discussed above to ensure staffing capability.

BRCs have stayed open for as long as a year. A more virtual centre where case managers are sent out to meet business owners at their own establishment can replace a BRC. See the next section for more information on case management.

#### **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, 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 centre at its offices, where the Small Business Technology Development Centre 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 centre 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\*](#).

### Establishing a Business Recovery Centre 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 Centre 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 the Small Business Development Centre (SBDC) business counselors that came from across the U.S. to help local businesses reconstruct their financial papers to apply for SBA disaster loans. Volunteers from IEDC also staffed the office to provide technical advice to affected businesses.

As a result of their proven leadership in assisting small businesses, the Hancock County Chamber of Commerce was recognized nationally as a model for disaster recovery. They received the National Phoenix Award for Outstanding Service by a Public Official from the U.S. Small Business Administration (SBA) - with the award being presented by then acting U.S. President George Bush. 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 centre plan for the community of Hancock County, MS, which was the first county in Mississippi to establish a business recovery centre following Hurricane Katrina in 2005, visit: <http://restoreyoureconomy.org/wp-content/uploads/2013/02/Model-for-Business-Recovery-Centre.pdf>

### Case Management Approach to Business Assistance

Case management is another service approach that 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 own timetable and its own turf. Each case may last up to several years, and case managers follow through with each client until the recovery plan is completed.

Case managers are trained to assess damages, gather documentation, identify helpful federal, provincial, and

local resources, and develop a disaster recovery plan with the business. The key services they should be equipped to provide are:

- **Grant eligibility.** Case managers assist with online applications, prepare documents, answer questions, and provide status reports on grants.
- **Resource matching.** Case managers determine specific needs, match/introduce businesses to mentors, and follow up on mentor services.
- **Direct business counseling.** Case managers develop marketing strategy and execution, analyze the customer base, provide business continuity planning, advice on financial reporting/interpretation, and assist with relocation if needed.



- **Advocacy.** Case managers research, develop, and design grant programs, assist with government loan applications, advocate with the federal tax department and parliamentary offices for grant eligibility, assist with city codes and license applications, and represent businesses to government.
- **Other business decisions.** Case managers assist with technology/IT and other issues like building leases, staffing/management, loans, etc.

Case managers must also be prepared to respond to the immense psychological impacts of a disaster. In fact, case managers often talk about how their visit and continued assistance creates an impact simply by making businesses “feel like someone cares.”

### *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 because of a 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 or bank can manage these programs to ensure that the program has the capacity to continue in the long term 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.

### **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 put together a case management program to help businesses recover. The program was an initiative of the Small Business Recovery Group, which was formed by the Cedar Rapids Chamber of Commerce and the local small business community. The program launched about 18 months after the flood. Although the local SBDC and SCORE volunteers were already visiting businesses at that time, they needed far more funding and staff for the task at hand.

To support the new program, the Small Business Recovery Group secured \$750,000 over two years in CDBG grants and private donations. The group hired outside contractors to work as case managers, and there were eight case managers at the peak of the program. These 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 case managers quickly developed a “Needs Assessment” form to document damages and priority needs of each business. The form also served as a starting point for deeper conversation with a business on its recovery needs. The case managers then called or e-mailed all 1,200 businesses in the Cedar Rapids area and managed to schedule in-person appointments with about 85 percent of companies. Each client could access a host of case management services.

After working with hundreds of companies, 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 team helped develop programs of businesses closed, while the national post-disaster average is 55 percent closure. Today, five case managers are still working on 50-75 active cases.

For more details on the recovery efforts of Cedar Rapids, IA, please see [\*Case Study Appendix 3\*](#).

In the case of the 2008 floods in Cedar Rapids, Iowa 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.

### **The Importance of Mental Health in Post Disaster Recovery**

#### **Alberta Floods**

As a result of the 2013 floods in Alberta, the Alberta Government announced \$50 million in funding for post-flood mental health recovery, to be divided as follows:

1. Enhancement of Community Services: \$18 million – Direct support for those displaced from the flood, including roving multi-disciplinary support teams made up of outreach workers, counsellors, therapists, community facilitators and recreation therapists to help those living in new temporary neighbourhoods. Treatment would continue to be made available to all who need it, including group, family and child counselling.
2. Targeted support and programs: \$12 million – Programs and support to help those dealing with the stressful aftermath of the flood, including specific programs and resources for children, youth, immigrants and seniors. More than 85,000 resources have been delivered and distributed to date, including a flood recovery coloring book for children and playing cards that describe stages of recovery, information on where to get counseling assistance and how to manage stress.
3. Training and Education: \$5.5 million – Training for disaster responders across government and other sectors to increase Alberta's capacity to effectively respond to and manage the effects of a future disaster. Ongoing training is being offered for disaster responders and people personally involved in the flood, including suicide prevention training, loss workshops and mental health first aid.
4. Capacity Building for on and Off Reserve Aboriginal Populations: \$5 million – New resources to provide emotional support for Aboriginal, First Nations, Metis and Inuit in a culturally relevant manner.
5. Monitoring, Surveillance and Evaluation: \$4 million – Monitoring of the mid-long term emotional health impact of the flood, assisting in planning and setting priorities for supports and services, and evaluating the effectiveness of interventions.
6. The Office of the Chief Mental Health Officer: \$3.5 million – Working with health delivery partners and stakeholders, the office will continue to lead and implement a social emotional disaster recovery plan, establish core "Disaster Mental Health Response teams" and prepare responders in government, Alberta Health Services, and community stakeholders to provide mental health supports quickly and efficiently in the face of any disaster.
7. Public Communications: \$2 million – To ensure Albertans and stakeholders have the information they need to access resources and assistance<sup>11</sup>.

<sup>11</sup> <http://www.health.alberta.ca/newsroom/news-bkgd-2013-10-25-recovery-funding.html>

### Florida's Bridge Loan Program

The most well-known bridge loan program in the U.S. 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.

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 are able to 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 or provincial loan programs, renewed profits or other sources of income.

In the U.S., 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.

In Canada, not much has been implemented in this regard. Much more could be done. EDOs can encourage the creation of these types of programs in the event of a disaster and have an impact in their community, region and province.

### 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 midsized businesses secure appropriate short-term financing as discussed below.

#### Establishing a Bridge Loan Program

Local, provincial, 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,

#### 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.

In the U.S., funding for this program typically comes from local, state, or federal sources. The following are a couple of examples of business grant programs established in the US following a disaster:

- The State of Iowa created the Jumpstart Iowa Small Business Assistance (SBA) Program to provide short-term financing to small businesses before an anticipated \$85 million 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 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.

- Hurricane Sandy caused an estimated \$19 billion in damages throughout New York City in 2012, which included thousands of small businesses. In response to the devastation, former NYC mayor Michael Bloomberg created a relief fund by seeding \$5.5 million. Since then, almost 21,000 people have donated to the fund to raise \$60 million. To date, 724 small businesses have received grants from a \$6 million fund. The two Small Business Grant Programs were administered through the New York Business Development Corporation and the New York Business Assistance Corporation. Eligible small businesses include those that have been displaced for at least three weeks. Individual grants for up to \$10,000 have been used to restore small business operations to replace damaged inventory, supplies or equipment.

### Outreach and Working with Local Financial Institutions

EDOs should reach out to a variety of lending sources such as local banks, credit unions and Community Futures other alternative financial institutions to identify available lending products, financial terms, and the 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 need for additional alternative sources of funding.

It is recommended that 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.

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 the small business owner to repay the loan, so the funds would continue to circulate in the local economy.

### Alternative Financing

Private and other small business assistance providers can have 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 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 or provincial 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. Government lending programs can take a long time for funds to be appropriated and come with a number of strings attached in terms of requirements. Furthermore, communities may have to wait months for these funds to come through and thereby waste valuable recovery time. Private financial institutions are able to meet local business needs in a more expedient manner.

### ***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 advice on acquiring 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.

Yet local, provincial and federal funding for business support services is quite limited. 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 they will qualify for some type of loan or grant assistance.

Marketing is an extremely popular topic for all types of businesses. Some discuss the need to trouble-shoot on restructuring loans, or where to find bridge financing; while others ask for help in resolving relocation issues. Still, business planning and accounting remain critical areas of assistance for most communities.

### **Delivering 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, provincial and federal agencies and organizations related to small business, taxation, economic development, labour, housing, local permitting and other local professional service advisers such as tax preparers, insurance agents 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) to create a more extensive network of resources and marketing channels.

These 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, Texas 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 provincial 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 centres (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.



### **Mobile Assistance Resources**

The following are two examples of mobile units developed to provide small business and entrepreneurship support to local businesses in more rural areas of their region. Both are located in a Gulf Coast state and therefore have been used to assist in disaster recovery.

#### ***Louisiana Business and Technology Centre***

The Louisiana Business and Technology Centre's (LBTC) mobile classroom at Louisiana State University (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. Currently, they have visited more than 30 communities annual and have assisted more than 1,500 entrepreneurs and business owners that by providing training and technology expertise. They hold workshops and seminars in conjunction with the local chamber, SBDC, incubator, or EDO.



Necessity is often the mother of invention. LBTC created one of their most successful endeavors shortly after Hurricane Katrina. They are able to reach out to small businesses and entrepreneurs in rural and far reaching places in Louisiana as a result of this creativity. This mobile classroom has received numerous awards.

#### ***Florida Small Business Development Centre Network***

The Florida Small Business Development Center Network (FSBDCN) developed a Mobile Business Assistance Center Program and announced it prior to hurricane season in 2006. The program was developed to focus on two underserved markets: (1) post-hurricane small businesses and (2) rural clients who need help and don't or can't visit centre locations in urban or campus areas. The Mobile Assisted Center's (MACs) are two 38-foot RVs outfitted as self-contained centres with laptops, printers, satellite communications, business libraries, supplies and more.

Following a major event, staff will be deployed to the field for immediate business recovery assistance in the form of consulting on the forms and paperwork, marketing, business planning, leadership development etc. Tents and tables are set up outside so that SBDC Certified Business Analysts (CBAs) can provide consulting and assistance needed for clients. The Florida SBDCs have been partnering with economic development organizations and chambers throughout the state to highlight the new MAC Program and plan rural strategies.

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

This chapter is intended to discuss critical actions that must be taken to retain local businesses after a disaster strikes. 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. Others may not call but should receive some form of outreach by your EDO or partner (e.g. Chamber of Commerce, Community Futures etc.) in order for them to know they are a valued part of the local area and will play a vital role in the community's recovery process.

It is critical that EDO staff use multiple outreach methods to care for impacted businesses, to gather information on how they've been impacted and then to use that information as a means for providing critical business assistance. This chapter will highlight some of those efforts; however it is important to stress the need to tailor these ideas to your own individual community. The various case studies outline effective practices from the field in spurring local recovery through strong business retention efforts.

### *Business Retention and Expansion*

Business retention and expansion (BRE) is one of the key practices of any EDO. The purpose of a BRE program or effort is for the EDO to provide assistance with business challenges that may force a company to fail and subsequently close, and to prevent companies from relocating to a new community. This is usually accomplished either through personal visits, surveys, focus groups, going door-to-door or other methods. Economic development professionals seek to understand the needs of impacted businesses, particularly those at risk of closing or relocating elsewhere, respond to those needs by connecting them with needed resources, and address local issues that detract from a healthy business climate in which local businesses can prosper and grow.

BRE efforts should result in strong relationships with businesses, and develop a deep understanding of the challenges they face so your organization can provide the most appropriate suggestions of private and public resources –either at the local, provincial or federal level. When a disaster hits, organizations with existing

relationships will facilitate better communication with impacted businesses, and trust your organization will point them in the right direction for recovery resources.

In large-scale disasters, it is important to remember many business owners are likely to be dealing with a number of overwhelming challenges. They may be facing business and / or personal losses, including the loss of loved ones. Many economic developers in disaster-impacted communities talk about how they first served as an unofficial counselor with business owners crying, sharing frustrations and other emotions when first meeting shortly after the event. It is important that staff serving in this function be prepared to demonstrate that they care for them and assist them in the hour of need. In some cases, training on how to be sensitive to these issues may be necessary.

### *Disaster Preparedness Activities for Business Retention*

Disaster preparedness for your community requires engagement from both the public and private sectors. Local government has the legal responsibility to make public emergency management plans and respond to disasters; however, local government cannot act alone in addressing all the needs of the community. The private sector has important additional resources and the ability to assist in the case of a disaster. Yet, a business owner or executive's busy schedule can limit his or her involvement. Therefore, the EDO must serve as an intermediary between the business community and public sector, engaging the private sector in meaningful disaster preparation activities. In Chapter III, Disaster Preparation Measures, there are more ideas on how to engage the business community in disaster preparation such as:

- Establishing a core team of engaged business leaders to identify issues and solutions to post-disaster economic recovery issues
- Creating a tiered system for business re-entry
- Delivering effective business continuity workshops to small and mid-sized firms

### **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 knock out electricity, which means that Internet and e-mail 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 trustworthy 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 like ExecutivePulse, which is the solution provided by EDA<sup>12</sup>, BCEDA and SEDA through their associations' respective BusinessCounts programs. Alternatively, if the municipality issues business licenses, collecting the information at the application stage is another alternative.

### **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. The BusinessCounts program in BC and Alberta are cloud based programs using the Executive Pulse platform. Access is available to users through the Internet using

computers, tablets and cell phones.

### **Establish a Tiered System of Business Re-entry**

In the cases where a residents and businesses have been evacuated due to a major event, creating a tiered system for business re-entry 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.

A tiered re-entry 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 re-entry system that takes into account business and industry needs, see Chapter III on Disaster Preparedness. A detailed example of a re-entry plan from Jefferson Parish, Louisiana is included in Appendix 6.

### **Convene Local Banks to Discuss the Need for Flexible Financing**

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, government 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.

After a disaster, banks need to have programs in place that are flexible and affordable for impacted businesses. As a preparedness measure, economic development professionals are encouraged to convene local banking leaders to discuss how they may best serve businesses impacts by a disaster.

<sup>12</sup> <http://www.edaalberta.ca/page-1721480>

### 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 inaccurate 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 can craft a media 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, communities are often unprepared for the chaos that emerges after a disaster. The needs are great and resources are stretched in every direction. Businesses may need short- and long-term financing and planning resources, and economic development organizations are tasked with how to best meet these needs. EDOs must quickly locate recovery information, financial, technical assistance, and planning resources, and determine the best method to deliver its services to businesses.

A disaster-impacted community also needs to develop a long-term vision for how it will rebuild its economy. 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.

### Establishing a Business Recovery Centre

Within the first couple of weeks after a disaster, a community should establish a business recovery centre to meet pressing needs in the business community. Because the centres services are tailored to address business needs, it is typically established separately from any other disaster recovery centres to avoid confusing individuals who need social services. If there is one BRC centre, it is important to make a clear distinction between business services and social services.

An EDO often takes responsibility for establishing the centre and engages the participation of community stakeholders. Most disaster-impacted communities should have the BRC up and running within two weeks of the disaster. See Chapter IV on Small Business Assistance for more details on how to establish a business recovery centre.

### Delivering Retention Services through a Case Management Approach

A case management approach to business assistance involves assigning a trained staff member to an impacted business in order to provide individual business assistance. Provided a community secures

additional funding sources to support this effort, this case management effort has been particularly effective in connecting with small and midsize businesses as staff is able to meet at a convenient time and location for the business owner. Case managers tend to be business owners who are skilled in business planning and can link businesses with needed technical assistance in finance, marketing, manufacturing processes etc. Case managers often talk about how their visit and continued assistance creates an impact simply by making businesses “feel like someone cares.” See Chapter IV on Small Business Assistance for more details on the case management approach.

### **Communication and Outreach**

Communication is always compromised in a post-disaster situation. The lead economic recovery organization has 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.

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

Establish a hotline number that business owners can call to get information about the centre and its services. Make sure everyone working with the BRC knows the hotline number and that everyone answering the hotline knows what the local, provincial, 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 provincial-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, provincial, and federal government assistance programs where available.

#### **Step 2: Develop an 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: those directly impacted; those indirectly affected; and those whose suppliers or customers were affected. 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 reveal their recovery needs during an outreach campaign, an EDO should advocate for quick response from the city to expedite utility services, re-entry and other issues. For example, Priority One staffers should serve as a liaison between businesses and the city to expedite the city’s emergency personnel response.

#### **Step 4: Survey Local Businesses**

One method of tracking a disaster’s impact on local businesses is to distribute a survey immediately after a disaster. Surveys can also help in assessing businesses resource needs such as capital funds and technical assistance. Additional government resources may be supplied if the community can demonstrate significant business damage. In many cases, devastated communities are unable to provide government with



reliable data on business impact. Business surveys can help provide this type of data.

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, e-mail, town hall meetings, conferences or workshops, surveying at the BRC, local media, or door-to-door canvassing.

ExecutivePulse created a survey for pre- and post-disaster assessment of businesses in the community, piloted during the Economic Disaster Recovery Project, which was spearheaded by Economic Developers Alberta and the British Columbia Economic Development Association. The tool is available in [Resource Appendix 5](#).

### 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 Centre (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 EOC, utilities, law enforcement, public and private cleanup crews, and so forth, to deliver the most value to businesses. Third, EDOs should pursue media channels like 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](#)

## **Going Beyond the Survey**

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 be perceived as callous. As a result, there needs to be multiple open doors to care for, assist and gather information in the wake of a disaster. In some cases, surveying may not be the best way to understand the situation and provide assistance.

After a disaster, it may be more appropriate to meet with business owners face to face either through personal visits or focus groups. When conducting business visits after a disaster, owners and employees can be in an emotional state; therefore, it is important for economic development officials to listen with compassion. Interviewers may know which questions they would like answered, and take notes to be entered into a database, but they also need to recognize the visit may not go exactly as planned. Bringing in crisis counselors and financial planners may also be a helpful resource depending on the individual circumstance.

Interviewers may also consider working 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 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 isolated and can share their experiences with others who had been similarly impacted.

## **Deliver Business Recovery Workshops**

An EDO can organize workshops to address common and unique recovery issues to local businesses. Workshop speakers should include representatives from local, provincial and federal agencies as well as 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. 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.

## ***Financing***

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

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. As a result, 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 provincial 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.

### **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. Consideration should be given to combining local, provincial and federal sources to create a long-term financing program.

### **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, alternative lenders, foundations and other private organizations.

For more details on financing resources for small to mid-sized businesses, visit Chapter IV and [Resource Appendix 9](#) for additional Community and Economic Development Funding Programs.

### **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 provincial 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, and EDOs should develop a strategy to ensure the right mix of incentives is available. EDOs can examine how other communities and provinces 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.

### **Provincial 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 provincial 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**

Industry Canada offers a Loan Guarantee Program. It secures small business loans against inadvertent non-compliance with payment terms, including a range of reasons like disasters. Assets guaranteed include real property improvements, leasehold improvements and/or the purchase of equipment. It also offers an Employment Insurance Work Sharing Program.

Service Canada has measures to help employers avert temporary lay-offs by providing income support to workers who are willing to work a temporary reduced

workweek when there is a reduction in business activity beyond the control of the employer. The program includes special criteria to allowing easier access to the Work Sharing Program for business affected by major disasters or public threats.

## 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 liaise with federal agencies, the many roles of an EDO requires full engagement both before and after a disaster. Although not all impacts of a disaster can be mitigated, EDOs have proven that their actions can make the difference for local businesses and push the community toward a faster recovery.

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## Resources

**Public Safety Canada** ([publicsafety.gc.ca](http://publicsafety.gc.ca)) – Public Safety Canada works in collaboration with other federal departments and provincial and territorial governments, academia, national associations and non-governmental organizations to strengthen national emergency preparedness including planning, training, exercises and sharing lessons learned.

**Canadian Red Cross** ([redcross.ca](http://redcross.ca)) – the Canadian Red Cross helps vulnerable communities in Canada affected by emergencies and disaster.

**The Centre for Excellence in Emergency Preparedness** ([www.ceep.ca](http://www.ceep.ca)) – CEEP's mission is to facilitate and maintain optimal Canadian health emergency preparedness by providing expert consensus based on evidence and best practice.

**Disaster Recovery Institute** ([www.dri.ca](http://www.dri.ca)) – DRI Canada provides internationally recognized education and certification based on professional practices for Canada's continuity management profession.

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

**New York University's International Centre 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

Conventional disaster damage reporting focuses on the human and environmental costs of a catastrophe, such as the number of lives lost, the damage to public infrastructure, or the impact on natural resources.

Economic impact studies conducted following a major disaster provide significantly more details on the immediate and long term repercussions of a disaster in terms of jobs, industry and business impacts and other economic indicators. This type of study enables the community to better understand the value of what has been damaged or destroyed in terms of the local economy and to learn about the communities' vulnerabilities. It provides a solid and basic understanding of how to improve the situation and helps engage the community in problem solving efforts. This provides a broader understanding of the most appropriate responses and recovery efforts to pursue as well how the community might want to consider mitigation efforts for future events. 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 components of a post-disaster economic impact study, how to develop and fund the study and other useful advice when implementing the assessment process.

### Defining a Post-Disaster Economic Impact Study

A post-disaster economic impact study is a damage assessment that documents the financial costs of a disaster 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. Studies may vary in scope, depending on the type of disaster, time considerations, and the amount of resources available to conduct them. All of them attach measurable figures to the damages incurred to a given area after a disaster.

By documenting changes in a range of indicators—from property damage and losses in tax and sales revenue

to changes in wages and employment in specific industries—these studies provide an outlook on how local economies can expect to fare after catastrophe 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 several months to complete, depending on the scope of the analysis. In cases of immediate need, localities have been able to retrieve basic information in a matter of a few days when the local government needs to provide a cost figure for the purposes of securing aid. This initial assessment should be compared against a "gut check" analysis to make sure that the community isn't grossly underestimating or overestimating the damages. Yet, it should be noted that there are clear obstacles in constructing an accurate figure, particularly immediately following an event when the supporting data is absent and/or sparse.

This initial assessment should be followed up by a more thorough economic impact study approximately six months to a year after the event. The additional study would allow for a more realistic analysis of damages, particularly since federal data and figures would take three to six months to be updated following a crisis. The challenge will be for small and medium-sized communities to afford to conduct a thorough study that would take between two and six months. There are cost factors and capacity issues for communities of all sizes to consider when conducting such an extensive study of economic impact.

### Distinguishing a Post-Disaster Study from a "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 typically used to gather public support for the proposed project by determining if the community is more prosperous. The study highlights the net



benefits to the community in terms of jobs and wages as it expands its industrial, office retail, and housing acreage. 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.

These studies are often narrow in scope as they may be evaluating a proposed real estate development project or a new city policy such as suggesting zoning or land use changes for a neighbourhood. Still, the traditional impact study outlines how the local economy is boosted by a project or policy as opposed to the economic damage that a post-disaster economic impact analysis will attempt to measure.

Post-disaster economic impact studies, in comparison, measure how the community has been adversely affected by a major incident. This can include 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 cost of the disaster can vary greatly due to several factors such as: 1) the magnitude of the disaster and the ability to measure all of its impacts, 2) challenges with limited data, 3) organizational capacity within the community to gather needed impact information, and 4) the 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 so many things have happened at the same time that affect the larger economy after a disaster.

A major storm can inflict wide-scale damage to supply chains and infrastructure, unlike a local development project such as the attraction of a new firm or the construction of a shopping centre. "Traditional" impact studies rely on a simpler model due to the more narrow scope, while post-disaster economic impact studies rely on a more sophisticated economic model to assess damage.

### **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 impact to share with provincial and federal officials in order to secure external recovery resources if necessary;
- Being informed in a way that influences decision-making in a time of crisis and taking critical actions for short- and long-term recovery;
- Having a study to document the extent of damage to public infrastructure to further support provincial and federal assistance;
- 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 accountable organizations responsible for man-made disaster (e.g. Montreal, Maine & Atlantic Railway after Lac-Mégantic's trail derailment); or
- Making the case for economic need to gain access to federal aid so requests are considered credible.

### **Economic Development Organizations 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 labour 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 so that your organization or community can know what to expect. 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 is likely to be difficult due to disrupted communication channels
- The local EDO may not have the organizational resources to manage this large project
- Impacted businesses may be reluctant to share damage information for multiple reasons
- Topics to cover in the study and how to fund it may appear daunting to local organizations.

### Data Availability and Reliability

The final result of the economic impact study depends on 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 outdated 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.

### Communicating with Stakeholders

After disasters strike, certain modes of telecommunications such as phone lines, the Internet, e-mail, and postal services may be shut down for a significant period of time. When this happens, collecting primary data and other types of basic information becomes increasingly difficult to achieve without devoting additional resources to the process. In many cases, businesses are not likely to respond to an electronic survey if modes of communication are shut down or business owners have temporarily relocated out of the area.

### 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 instead is a tool to be used by local practitioners. The software is nationally standardized and available free of charge at <http://www.fema.gov/hazus>.

### Potential solutions to communication issues include:

- Employing a texting campaign if your organization has collected the cell phone numbers of local business owners or executives
- Advertising in print, radio and television sources
- Arrange for public meetings with businesses in partnership with other EDOs and organizations that have a network of local business contacts
- Conduct a grassroots communications campaign to connect with businesses through personal visits or hand delivering a paper copy of a survey
- Arrange for the collection of information at the local business recovery centre
- Look to triage problems with communication systems

Communicating with stakeholders in the event of a major disaster is a vital component in the community's ability to be resilient and recover from an event. It is recommended that EDOs develop a communications plan before a disaster to be implemented in the case of a disaster. For more information, see Chapter VII in this toolkit.

### Funding a Study

The ability to fund the study can also be a concern when funds are extremely limited following a disaster. Local governments, non-profits, and educational institutions can seek funding from external sources such as provincial or federal grants.

If there are little to no funds available, an organization can reach out to the local university to donate resources or provide services at a discounted price. While there is no harm in asking for pro-bono services in dire circumstances, communities should also seek to have a “rainy day” fund to help pay for these important studies in special circumstances.

Additionally, if an organization can demonstrate that there is a gap in the data framework needed for its assessment and primary research is required in order to fill the void, then it can look for funding/assistance from foundations. For instance, one practitioner cited in an interview an experience with a critical data problem and as a result was able to secure external funds to find an answer to his question.

### Expanding Organizational Capacity

Staffing is a major 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 staff or capabilities required to carry out a study. Manpower plays a large role in how broad an outreach effort can be orchestrated, particularly when conducting surveys. When possible, seek the assistance of volunteers and non-profit groups such as the Red Cross or community foundations to help in these efforts.

Another approach is to build information collection into existing recovery efforts. For example, EDOs could disseminate an outreach survey at a business recovery centre for local business owners to complete to 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 the long term. After the flooding in Alberta in 2013, ERDP partners and volunteers conducted a local business impact assessment survey in ten communities to better understand impact using such a study. This can be found in [Resource Appendix 5](#).

## **Stakeholders and Their Roles**

### Lead Coordinators

In a disaster’s aftermath, it is important to know the chain of command and identify the lead organization in recovery efforts. Typically, the EDO perceived as the strongest entity in the community takes the lead role

in coordinating a disaster impact study for the affected area. The coordinating entity may vary depending on the reason for, and goals of the study. For the purpose of this chapter, we will focus on community-wide studies, not those conducted for individual industries or more narrow purposes.

There are a few groups that may take the lead in conducting an impact study. It is common for the provincial government, often through the Premier’s office, to create a disaster recovery office responsible for commissioning a study, amongst other responsibilities. In other cases, the task may fall on local groups such as regional EDOs. While higher-level authorities at times are the organizers of these efforts, locally based groups should be prepared to take the lead if necessary. This is especially important in cases where a separate independent analysis is being pursued, which can happen out of choice or out of necessity, given that not all disasters will be declared by the province or acknowledged by the federal government as eligible for federal relief.

### Partners

No single group should undertake the effort of conducting an impact study on its own unless it has capacity to do so. Instead, engage various partners to help provide resources to assist in the process as well as offer differing viewpoints to inform the study. EDOs and chambers have a vast network with local businesses and should be engaged in this type of study. In instances where they do not serve as the lead coordinator, they can at least help with collecting information from local firms. Other groups that can help build capacity and procure information include community volunteers and charitable organizations like the Red Cross<sup>13</sup>. Insurance companies will conduct their own assessments on losses and report claims to provincial-level insurance departments, but they are unlikely to release this information in aggregate form to local organizations due to privacy concerns.

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<sup>13</sup> When primary data is being collected, these groups may be the best-equipped due to local trust factors that are often at play, which can favor groups with which businesses are familiar over groups perceived as outsiders.

## Analysts

Regional economic development organizations and provincial level economic development agencies often have resources to conduct these types of studies. They are typically better equipped with the resources needed to carry them out. In some cases, the coordinating authority may also be the chief analyst. When the leading authority is smaller in size, or when local government offices lack the capacity and expertise to conduct a study, rely upon outside sources, such as private consulting firms and universities, to conduct the impact analysis.

## *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, the more accurate and complete certain data will be.

## Collecting Data

When telecommunications are impacted for a significant period of time, the response rates for business surveys are likely to be affected. As a result, impact studies conducted directly after a disaster might provide business impact estimates that will need to be adjusted. Among the reasons are: it may remain unclear whether certain business owners have left; they are still evaluating their prospects in the wake of the disaster; 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 the collection and reporting of data, 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.

Some experts recommend letting at least one to two months to pass before commissioning a study. However many disasters call for an immediate response when communities are seeking government aid. While it is a general rule 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.

## *Conducting Post-disaster Economic Impact Studies*

There are several steps to carrying out a post-disaster economic impact study. 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). The analytical model should 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 well thought-out.

### **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 to be analyzed. As such, it is important for individuals requesting a study to know what they want from the study. Part of what will determine the area of analysis is the type of disaster 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 the Alberta flood conducted by the provincial department responsible for economic recovery.

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 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 province, or developing a tailor-made analysis area that may cross regional or provincial 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 focused in and around a single metro area but between several metro areas with economic interconnections.
- **Consider impacts.** The epicenter of destruction is not always the centre 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 within a region, from those 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 area that is a few kilometres inland; and around the area further inland 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.

Among the common indicators included in impact studies are<sup>14</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

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 centres (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

## Step 3: Collecting Data

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>15</sup>.

<sup>14</sup> Interviews (General Consensus)

<sup>15</sup> Rookard, M. (2012, July). Personal Interview by Carrie Mulcaire and Patrick Terranova.



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 Statistics Canada, or other provincial data. Tax revenue data can be gathered from provincial and/or local governments' revenue departments and taxing agencies<sup>16</sup>.

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 centres.

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>17</sup>.

Below are some things to keep in mind when undergoing this step in the process<sup>18</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.
- **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

The most universally used technique 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-output 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 professionals, REMI, IMPLAN, and RIMS II are the most common tools used; however, some university researchers, economic development agencies, and consultants have developed their own models in addition to the models listed above. Their 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.

<sup>16</sup> Interviews (General Consensus)

<sup>17</sup> Ibid

<sup>18</sup> Ibid

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.

## Step 5: Reporting Data

While disaster impact studies can be a useful tool for understanding repercussions and seeking funding, they can also be misinterpreted by media or the public. The EDO leading a disaster impact study has the responsibility to control and frame the information within it, and support 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.

Below is a chart of some tools that are available to quantify economic impact:

|  |  |
|--|--|
| <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>Alberta Economic Multipliers</b>                              | <p>The Government of Alberta has developed an I/O model for the Alberta economy based on the structure of Statistics Canada's inter-provincial model. Although the Alberta model accounts for the interaction of imports and exports on the Alberta economy (both inter-provincial and international), the Alberta model provides impacts for Alberta only. The model has the capacity to run impact analysis on industry expenditures, output and changes in final demand.</p> <p>To locate the economic multipliers archive, refer to <a href="http://www.finance.alberta.ca/aboutalberta/archive-economic-multipliers.html">http://www.finance.alberta.ca/aboutalberta/archive-economic-multipliers.html</a>.</p>   |
| <b>British Columbia Input-Output Model</b>                       | <p>The B.C. Input-Output (I-O) Model is used to generate regional Economic Dependency figures, as well as employment and revenue multipliers. It can also be used to assess the regional impact of various projects and economic events.</p> <p>For more information see <a href="http://www.bcstats.gov.bc.ca/StatisticsBySubject/Economy/BCInputOutputModel.aspx">www.bcstats.gov.bc.ca/StatisticsBySubject/Economy/BCInputOutputModel.aspx</a></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 that 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> |
| <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>  |

## Advice on Hiring the Right Consultant

This section has been developed to provide advice when a community is considering outsourcing a disaster impact study.

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, but it is important to remember “you get what you pay for.” A less expensive study can often translate into a lack of experience in performing this type of analysis or less scope coverage. There is a high probability that an EDO or chamber will outsource this type of study so consider the following factors explained below.

### 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, it is a common practice to seek the services of a consulting firm or services from a local university department or centre. When funds are available but internal expertise is not, a consultant may be the most appropriate option.

University research centres are an option when a group is seeking an affordable economic impact study. Such sources typically conduct studies purely by request in exchange for payment. Universities with economic research arms often conduct impact studies, and you can find many universities capable of such work by looking up the Association for University Business and Economic Research (AUBER) network. It is important to keep in mind and discuss with the university research centre whether they can deliver the product by the expected project deadline.

For provinces, regions, or metropolitan areas, resources may be more abundant, facilitating the ability to carry out internal studies. On this level, groups that have this capacity include regional economic development councils, regional planning commissions, and provincial economic development agencies.

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 who are non-partisan while having experience in conducting these types of post-disaster economic-impact studies. If they are a controversial figure, local, provincial and federal officials may not accept the final results of the study.

### The Costs of Conducting a Study

Depending on the scope, an economic impact study can cost anywhere from \$10,000 to \$100,000 and 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 for a relatively robust study. Much of the cost is associated with data collection.

University studies tend to be less expensive than those conducted by private consultants due to the non-profit nature of the institution and the availability of student labour. Studies are also less expensive if input data is pre-collected and less primary data collection is involved. In the case of regional planning councils, it is useful to have a relationship with an organization responsible for negotiating software contracts, as it may be able to influence costs<sup>19</sup>.

## Summary

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.

<sup>19</sup> O’Neil, P. (2012, July). Personal interview by Carrie Mulcaire and Patrick Terranova.

### 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 Centres 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.

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## Resources

### 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:
  - BEA RIMS (<https://www.bea.gov/regional/rims/rimsii/>)
  - REMI (<http://www.remi.com/>)
  - IMPLAN (<https://implan.com/>)

### Miscellaneous Reading

- "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>
- FEMA National Disaster Recovery Framework- <http://www.fema.gov/pdf/recoveryframework/ndrf.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>



## Chapter VII: Crisis Communications

Traditional channels of communication are almost always compromised following a major disaster due to the disruption of telecommunications and transportation systems as well as the chaotic environment caused by the disaster itself. Businesses struggle with contacting their employees, their vendors, and their customers – as well as their local economic development organization. Businesses don't always know who to trust or where they can get accurate information. Rumors and wrong information spread quickly in this type of environment, which can greatly impede the recovery of businesses and industry or encourage them to permanently move away from the impacted community or region.

For example, if a business hears from an unauthorized source that the power won't be restored for four to six weeks, when in reality the utility company is about to receive external resources to expedite restoration services, the business owner is likely to make a decision to relocate out of the area, which will further exacerbate the community's ability to recover, with the loss to the tax base.

Therefore, the business community must have a seat at the table with the community decision-makers who are making critical choices regarding disaster response and recovery. This is done at the Emergency Operations Centre (EOC), where business and industry should have a representative. This business representative should be long established as part of the community's official emergency support function (ESF) so that trust is well established. If the utility company and community leaders know at an early stage that company "x" will shut their doors and relocate out of the area if their power isn't restored in "x" days, then efforts can be put in place to meet that need and retain the firm.

The public sector will make emergency management decisions that will have a direct consequence on local businesses and their ability to recover. Economic development organizations and chambers of commerce must lead a communication role in a crisis, since businesses are likely to contact them first for information to make better business decisions.

### *Multiple Audiences in Crisis Communication*

#### Communicating with the Business Community

The key role of a lead organization in economic recovery, or a recovery team of multiple economic development organizations, is to address the following urgent 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, provincial 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 the Emergency Operations Centre (EOC)

Economic development organizations (EDO) and/or chambers of commerce should make sure they have a senior staff member serve at the local area's Emergency Operations Centre (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, provincial 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 of the EDO representative at the EOC. This representative can learn about available federal and provincial 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 EDO 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, social media, 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 crisis, then the media will turn to an alternative source. Quite possibly they will turn to a disgruntled business owner or resident who seeks to represent the community (and perhaps your organization) in a negative light as being unresponsive to local business needs.

#### **Emergency Communications Checklist**

As a result of the Economic Disaster Recovery Project (EDRP), an emergency communications checklist was created by the British Columbia Economic Developers Association (BCEDA) and Economic Developers Alberta (EDA). It is a resource that can be used by economic development organizations and businesses to formulate their emergency communications plan. Though many of the items may seem obvious, in a crisis, having a plan with complete information can save time and cost – and reputation.

The Emergency Communications Checklist can be found in [\*Resource Appendix 11\*](#).

### ***Creating a Communication Strategy Before a Crisis***

Regardless of the nature and severity of the disaster, a key responsibility of any economic development organization with 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 EDOs and chambers 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 provincial 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 may also want to communicate to those in a position to provide assistance – such as provincial 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 can become further strained. Advance planning to

discuss and allocate 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.

likely to discuss issues that impact local businesses' ability to respond and recover such as: business re-entry, access to property, and a phased approach to power restoration. 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 be 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. In a disaster, businesses will first approach organizations they can rely on for timely and credible response and recovery information.

The community's lead EDO 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 creating the area's emergency management plans and for the key decisions that have a direct impact 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 having the valuable communication role of 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 re-entry 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 regions have a structure in place at the regional and provincial levels that enable industry and business input at the emergency management table. In the U.S., states such as Florida, South Carolina and Louisiana have established a state-level emergency support function (ESF) for business and industry to

### ***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, are

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 business representative are included in the community's Emergency Operations Centre (EOC) in the event of a disaster. We are not aware of a similar model in Canada.

For those regions that have not established a provincial-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 province'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 agencies.

It is recommended that the community incorporate information from the following 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 provincial and federal governments. For example, Galveston, Texas, produced a six-page recovery report one month after Hurricane Ike, which included the impact 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 provincial 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 provincial 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.

### Establish an Internal/External Crisis Communication Plan

EDO's should create a crisis communications plan with communication strategies that are developed 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- both internal and external members of the community.

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 can craft a press release in advance to be used and updated in the case of a major incident.

### 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, such as an external hard-drive 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 non-profit 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.

### Creating Your Crisis Communications Plan

#### Step 1: Establish a Crisis Communications Team.

Establish strong team members that know the community and assign responsibility for a primary and secondary spokesperson, a technical expert, and a public relations officer.

#### Step 2: Be Creative and Expect the Unexpected.

Run different scenarios on different types of disasters that may happen. Include your geographic area, the current (and future) political climate, potential security and communication challenges, financial concerns, weather, logistical issues, health considerations (and the ability to respond), etc.

#### Step 3: Establish a Strong and Diverse Lists of Contacts.

It is important to have a contact list of those who have a critical function either internally or externally for your organization (employees, vendors, clients, and key local officials). Ensure you have comprehensive contact details include emails, cellphones, addresses and other phone numbers. You never know what kind of a disaster may occur so you will need to have as many ways as possible of communications available.

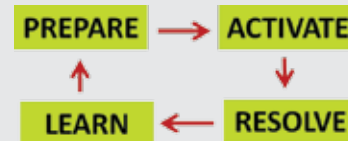
#### Step 4: Update, Update, Update.

Review your plan frequently, but at least a minimum of once per year. It is important to run the unexpected scenarios, update your list of team members and the contact list. People move and change addresses frequently.



### Crisis Management Process

Shell has a global Crisis Management process with four stages:



In the Prepare stage, Crisis Management Team (CMT) members are nominated and trained to address a crisis. Contact information is gathered so that they can be contacted 24-hours a day, seven days a week. This information is continuously updated and a Crisis Management Manual is prepared. Activation follows a consistent process as outlined in the Crisis Management Manual. Once activated a consistent and repeatable process is executed by the Crisis Leader, Chief of Staff and Communication Lead. The Resolve phase contains a number of detailed steps, including Stakeholder Engagement. The Learn phase follows the Crisis so that the Crisis Management process can be continually improved.

### 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. See below for further ideas of what to include in your crisis communication plan as it relates to external communication.

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.



### 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](#).

### Acknowledge the Disaster is Occurring

If a weather event such as a tornado or flood is clearly on its way, EDOs should acknowledge it through all communication channels (social media, e-mail, 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 reassuring. This is especially important if the EDO communicates with tourists and visitors.

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 inaccuracies. Ideally there will be one official source; 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; if 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 if 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 visitor's bureau or EDO.

All accommodation properties should be informed of these details as well, and in turn, will inform 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 status updates. It's important that such information be optimized for viewing on mobile devices, not just computers.

### *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. The participation of EDOs is critical 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 critical information is efficiently disseminated.

### Determine Organizational Roles for Communicating

In advance of a disaster, economic development organizations, chambers and partners in 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. After a crisis, all of these groups will have an important role 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.

This group of business representatives should either establish a crisis communication plan for the business community, or encourage its development by the local jurisdiction (often through the emergency manager). It should indicate which economic development

organization within the community takes the lead in coordinating communications with local businesses after a disaster.

In the Garner, North Carolina (near Raleigh) crisis communication plan, the economic development director serves on the city's crisis communications team in the event of a major incident. While a city may look to its economic development director for this communication role, local government can also designate the local chamber of commerce if applicable. Following major flooding in Cedar Rapids, Iowa in 2008, the city established a Recovery and Reinvestment Coordinating Team (RRCT). 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 with the 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, provincial and federal partners
- Coordinate post-disaster media and political strategies.

### **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 Centre (EOC). Through the centre, 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 nonprofits, arts and cultural groups, schools, organized labour, landlords, the Downtown District, local government, and neighbourhoods. 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](#).

## Communication Strategies

After a disaster, it is essential to communicate on all platforms to reach businesses with information for their own recovery process: the timing on restoring utility service; a community's inspection and rebuilding requirements; a list of local- and/or provincial-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, provincial and federal government assistance programs, such as Industry Canada's Small Business Financing Program, 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 centre and other small business assistance efforts.

Local business leaders also need to be aware of response efforts, and be involved in the decision-making process of plans to rebuild the community. Even when local government has not yet made decisions about the process, 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 promote these recovery resources through the local media as well as using grassroots efforts when Internet and phone lines are not working. Some Florida communities distributed flyers to advertise local business recovery centers immediately after a hurricane to ensure direct contact with local business owners. In Joplin, Missouri, 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 were compassionate to those business owners who were often still in shock regarding their loss. This effort went a long way in establishing trust when the business owner was deciding where and how to rebuild.

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 e-mail, 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 centre.

**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. It is important to be aware of provincial and federal rules and regulations regarding mass communication.

### Social Media

Social media has become an essential component of disaster communication. Wireless networks enable the Internet to be accessed by smartphones even when telephone or cellular networks are down. In Joplin, the chamber started posting critical information on their Facebook page only one hour after the tornado struck 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. They can communicate with their customers and the public, letting them know they are back in business. For example Yelp has encouraged customers to shop at local businesses by listing those that have re-opened after a disaster.

Under Mayor Michael 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>20</sup>.

### 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).

### 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 neighbourhoods 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.

### 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.

<sup>20</sup> <http://www.emergencymgmt.com/disaster/Sandy-Social-Media-Use-in-Disasters.html> [https://communities.firstresponder.gov/DHS\\_VSMWG\\_Lessons\\_Learned\\_Social\\_Media\\_and\\_Hurricane\\_Sandy\\_Formatted\\_June\\_2013\\_FINAL.pdf](https://communities.firstresponder.gov/DHS_VSMWG_Lessons_Learned_Social_Media_and_Hurricane_Sandy_Formatted_June_2013_FINAL.pdf)

- **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, or software like ExecutivePulse.
- **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 Centre and Hotline

A business recovery centre (BRC) is a one-stop shop set up to provide local, provincial, and federal resources and services for businesses after a catastrophic event. They typically include a suite of public and private sector partners such as Community Futures, 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 centre to avoid confusion with individuals needing social services. For more information on these centres, 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 media releases, e-mail 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 e-mails, 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 e-mail 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. Face

to face communication can also be effective, through printing and distributing hard copies of your message to stakeholders.

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.

### Developing a Media Strategy

Communities need to understand how the general public perceives the damage to their economic assets and craft effective marketing campaigns to change perceptions. Vivid images of the floodwaters not receding and tornado damage often plague the minds of Internet and television viewers, keeping patrons away much longer than is necessary.

To counteract these negative images, it is necessary to demonstrate to media outlets that important community milestones and successes have been achieved. Community leaders, tourism boards and EDOs should not be shy in boasting about the local area's successes in recovery.

More often than not, there is the 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 media to point out recovery problems to show the need for additional financial aid. This is not the proper outlet for gaining sympathy from provincial 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 disaster at its worst.

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. 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 public relations firm. 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 Media Releases

Communicating with the media traditionally requires sending key information through a media release, media alert, or other proactive communication. As a common tool, developing media 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 media release in a calmer environment than during a crisis.

The media 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 media 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 media release is distributed efficiently by your organization following a major crisis:

- **Proofread.** Writing a media release before a disaster allows ample time to proofread for spelling and grammar. Credibility will be harmed by poorly written media releases.
- **Use a wire service for distribution.** Services to distribute media 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 media 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 the media 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 that 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 one million dollars 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.

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

The following tactics can help you in crafting messages for the media:

- Discuss and promote noteworthy achievements during redevelopment and rebuilding. Every groundbreaking event and ribbon cutting ceremony should have its own media release with a personalized story.
- Publicize information about incentives available for business investment.
- 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 specific details are unknown at this time than to remain silent on a subject with the media. Media experts recommend it is better to be prepared with a comment like “The situation is under investigation at the moment, so it would be premature to give you a statement.” Then be sure to follow up later when you have the facts.

#### **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.\*](#)



## Chapter VIII: Navigating the Federal System of Disaster Assistance Programs

The increased frequency and magnitude of major disasters in Canada in recent years has caused the federal government to become more involved in disaster recovery assistance. The “billion-dollar disaster” increased dramatically between 2010 and 2014. When the severity of the event exceeds the resources of provincial and local governments, the federal government becomes the key source of financial assistance. Even the most resilient local communities and provinces require federal assistance for response, recovery, and rebuilding efforts.

Yet, many economic development organizations (EDOs) are not well versed in working with the federal system for disaster response and recovery. The process of navigating the labyrinth of various federal agencies, programs, and requirements can be an intimidating process. Local community leaders are not familiar with obtaining and maximizing the use of federal funding assistance until they are confronted with having to request these funds for the first time.

This chapter is intended to help guide local and provincial economic recovery stakeholders – including economic development organizations, local and provincial government agencies, chambers of commerce and other recovery officials – through some of the myriad resources presented by the federal government. Local communities can use the information to better understand what to expect when working with the federal government and to expedite connecting with the appropriate federal resources for economic recovery.

The chapter covers the federal government’s role in assisting provinces and territories in dealing with disaster management. It concludes with a breakdown of federal disaster assistance programs which economic developers should consider including in their disaster planning and recovery strategies.

### Challenges

Recovery and rebuilding efforts following a disaster can be quite costly – particularly when the local economy has been crippled by the disaster. It leaves local communities and regions in a position to rely on the available resources of the federal government. These

financial resources are not “free money” but taxpayers’ dollars at work. Therefore, the federal government provides significant oversight over these finances and requires significant documentation to comply with their mandates.

Different communities face many common challenges using federal funding for economic recovery purposes. This can be exacerbated if the local community has limited capacity to navigate through the maze of federal programs and to comply with all of the reporting requirements.

EDOs and local governments seeking to use federal funds for economic recovery purposes have highlighted the following challenges:

- **Lack of knowledge of various federal programs available for economic recovery and rebuilding** - It is critical to build an understanding of the various federal disaster recovery programs – ideally before a disaster strikes – so communities are better prepared to navigate the application and make requests to waive complex federal requirements.
- **Limited federal funds for business and economic recovery** - The amount of federal money available for business and economic recovery is much smaller than the dollars allocated to address humanitarian needs. EDOs need to educate municipal leaders and the community on the need to expend funds on priority recovery projects, as well as to patch together resources from multiple sources for business needs.
- **Lack of flexibility in the use of federal funds** - Typically, federal funds are designated for specific purposes and do not provide much flexibility to meet the myriad needs of post-disaster business recovery. It is the provincial government’s responsibility to work with the Government of Canada to identify the level of federal support to be provided.
- **Inconsistent requirements among different federal agencies** - Many federal agencies have different, and sometimes competing, requirements for the use of funds. As EDOs and businesses look to assemble funds from a variety of sources, meeting these requirements means more time and costs in

an already challenging post-disaster environment.

- **Need for better coordination between multiple federal agencies and with nonfederal partners** – As part of the EDRP carried out after the Alberta flooding in 2013 there were several recommendations on how the federal government could better coordinate and communicate the services available following a disaster. Some of these recommendations included a better description of the available programs, development of a comprehensive guide to federal resources and an internal communications strategy developed to educate key federal staff about these resources.

## *The Federal Response to Disasters*

### Public Safety Canada

Public Safety Canada is the federal government department responsible for helping Canadians and their communities protect themselves from emergencies and disasters related to all kinds of hazards – natural, human-induced and technological – through national leadership in the development and implementation of policies, plans and a range of programs<sup>21</sup>.

It also maintains partnerships with other federal government institutions, provincial and territorial emergency management organizations, first responders and volunteer organizations, and other stakeholders and communities, supporting a collaborative approach to emergency management that leverages resources and capacities at all levels across the country.

As stated previously, emergencies are managed first at the local level by first responders such as medical professionals and hospitals, fire departments, the police and municipalities. Local authorities that need additional assistance request it from provincial or territorial governments. If an emergency escalates beyond their capabilities, the province or territory may seek assistance from the federal government. Public Safety Canada led the development of the National Emergency Response System (NERS) with provincial and territorial officials, which was approved by Federal/Provincial/Territorial Ministers in January 2011. It enables coordinated efforts in responding to emergencies.

The Government Operations Centre (GOC) is the primary means by which the Minister of Public Safety and Emergency Preparedness establishes an integrated approach to emergency response. Housed at Public Safety Canada, the GOC supports response coordination of events affecting the national interest by bringing together partners to synchronize their collective actions. The GOC operates 24/7 to provide watch, warning, analysis, planning, logistics support and coordination across the federal government and with its partners, including provincial and territorial governments, non-governmental organizations, the private sector, and international partners<sup>22</sup>.

In the event of a large-scale natural disaster, the Government of Canada provides financial assistance to provincial and territorial governments through the Disaster Financial Assistance Arrangements (DFAA), administered by Public Safety Canada. When response and recovery costs exceed what individual provinces or territories could reasonably be expected to bear on their own, the DFAA provides the Government of Canada with a fair and equitable means of assisting provincial and territorial governments.

The provincial or territorial governments design, develop and deliver disaster financial assistance, determining the amounts and types of assistance that will be provided to those who have experienced losses. According to the Public Safety website, they deliver the following programs for disaster recovery:

- Financial Support to Provinces and Territories for 2011 Flood Mitigation Investments
- Disaster Assistance Programs
- Disaster Financial Assistance Arrangements (DFAA)
- Federal Disaster Assistance Initiative (FDAI)
- Chemical, Biological, Radiological, Nuclear and Explosives Resilience Strategy and Action Plan for Canada

A province or territory may request Government of Canada disaster financial assistance when eligible expenditures exceed one dollar per capita (based on provincial or territorial population). Eligible expenses include, but are not limited to, evacuation operations, restoring public works and infrastructure to their pre-disaster condition, as well as replacing or repairing basic, essential personal property of individuals, small businesses and farmsteads.

<sup>21</sup> [www.publicsafety.gc.ca](http://www.publicsafety.gc.ca)

<sup>22</sup> [www.publicsafety.gc.ca](http://www.publicsafety.gc.ca)



Through the DFAA, assistance is paid to the province or territory – not directly to affected individuals, small businesses or communities. Federal auditors process a request for reimbursement under the DFAA immediately following receipt of the required documentation of provincial/territorial expenditures and a review.

The Government of Canada may provide advance and interim payments to provincial and territorial governments as funds are expended under the provincial/territorial disaster assistance program. All provincial or territorial requests for DFAA cost sharing are subject to federal audit to ensure that cost sharing is provided according to the DFAA guidelines. Each request for cost sharing under the DFAA is processed immediately once the affected province or territory provides the required documentation of expenditures. Information on new guidelines for the DFAA, can be viewed at: [www.publicsafety.gc.ca/cnt/rsrscs/pblctns/gdlns-dsstr-ssstnc/index-eng.aspx](http://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/gdlns-dsstr-ssstnc/index-eng.aspx)

### **Emergency Management Act**

Canada's Emergency Management Act recognizes the roles of all stakeholders in its emergency management system. It sets out the leadership role and responsibilities of the Minister of Public Safety and Emergency Preparedness, including coordinating emergency management activities among government institutions and in cooperation with the provinces and other entities. Responsibilities of other federal ministers are also set out in the Act.

The federal government works collaboratively with provinces and territories to support communities when disasters strike. In 2011, An Emergency Management Framework for Canada was revised and approved by Federal/Provincial/Territorial Ministers. This framework creates a common approach for a range of collaborative emergency management initiatives in support of safe and resilient communities<sup>23</sup>.

There is a legitimate role and urgent need for federal leadership in Canada's post-disaster economic recovery efforts. Although Public Safety is mandated to assist in recovery; there does not appear to be a lead agency responsible for 'economic recovery' following a disaster. As it currently stands, local economic development organizations, chambers of commerce, business assistance organizations, and other economic development stakeholders have to navigate through a number of programs in order to address the

recovery needs of their businesses. There is no clear communication about which agencies offer what support. It is clear that in Canada, no federal agency takes responsibility for economic recovery—which means, it does not get the attention it requires.

### **National Disaster Mitigation Strategy**

On January 9, 2008 the Government of Canada, together with provincial and territorial governments, launched Canada's National Disaster Mitigation Strategy. It is based on the recognition by federal, provincial, and territorial governments that mitigation is an important part of an effective emergency management framework, and that all stakeholders are committed to working together to support disaster mitigation in Canada.

It sets out a common vision for disaster mitigation activities; promotes mitigation through a transparent National Strategy that integrates disaster mitigation into Canada's emergency management framework; and identifies primary actions that will be undertaken by federal, provincial and territorial partners to support implementation. It also recognizes that full implementation of the National Strategy will be a long-term effort.

The goal of the National Disaster Mitigation Strategy is: *To protect lives and maintain resilient, sustainable communities by fostering disaster risk reduction as a way of life.*

Its principles are:

- Preserve Life – Protect lives through prevention
- Safeguard Communities – Enhance economic and social viability by reducing disaster impacts
- Fairness – Consider equity and consistency in implementation
- Sustainable – Balance long-term economic, social and environmental considerations
- Flexible – Be responsive to regional, local, national and international perspectives
- Shared – Ensure shared ownership and accountability through partnership and collaboration

Disaster prevention and mitigation measures are important in order to reduce impacts and hazards

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<sup>23</sup> [www.publicsafety.gc.ca](http://www.publicsafety.gc.ca)



before an emergency or disaster; however, it is important to understand that in addition to physical mitigation measures, there is a critical need for businesses and communities to mitigate their economic risk. Steps taken in advance to prepare and mitigate will enable them to recover more effectively.

Examples of provincial/territorial expenses that may be eligible for cost sharing under the DFAA

- Evacuation, transportation, emergency food, shelter and clothing
- Emergency provision of essential community services
- Security measures including the removal of valuable assets and hazardous materials from a threatened area
- Repairs to public buildings and related equipment
- Repairs to public infrastructure such as roads and bridges
- Removal of damaged structures constituting a threat to public safety
- Restoration, replacement or repairs to an individual's dwelling (principal residence only)
- Restoration, replacement or repairs to essential personal furnishings, appliances and clothing
- Restoration of small businesses and farmsteads including buildings and equipment
- Costs of damage inspection, appraisal and clean up

Examples of expenses that would NOT be eligible for reimbursement

- Repairs to a non-primary dwelling (e.g. cottage or ski chalet)
- Repairs that are eligible for reimbursement through insurance
- Costs that are covered in whole or in part by another government program (e.g. production/crop insurance)
- Normal operating expenses of a government department or agency
- Assistance to large businesses and crown corporations
- Loss of income and economic recovery
- Forest fire fighting

Canada's 2014 Economic Action Plan confirms the Government's commitment to work with provinces, territories and municipalities to build safer and more

resilient communities. Economic Action Plan 2014 proposes to provide \$200 million over five years, starting in 2015-16, to better protect Canadians and their homes through a National Disaster Mitigation Program. This program will support investments in structural mitigation measures, such as infrastructure to control floods that can reduce the impact of severe natural disasters. The costs of projects will be shared with provinces and territories. The government will announce the details of the program over the coming months. In addition to this new funding, disaster mitigation projects are also eligible for federal cost-sharing under the new Building Canada plan.

The government will also consult with provinces and territories on changes to the funding formula for the Disaster Financial Assistance Arrangements, which has not been updated since the program was introduced in 1970.

## *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. And like the balance of activities related to disaster recovery, connecting with federal representatives and the administration can seem complicated. In reality, however, it can be as simple as picking up the phone or sending an e-mail.

### Connecting with Your Member of Parliament (MP)

Every economic development professional should have a "hotline" to their local MP's office. While this does not need to be connected to the flashing red phone, it should be a link to get your urgent message to your federal representative following a disaster. This hotline should be established well before a disaster strikes.

As a matter of routine, economic developers should be in regular contact with their member of parliament. The MP should be well aware of the economic development organization's important work in the community and the federal government's key role in that work. That office communicates regularly with the Ottawa office and is the most direct link available to an economic developer in order to deliver information and needs to Parliament. Because they are local, communication – and direct interaction – should be much more frequent than communications with Ottawa.

Economic development organizations may also include annual visits to Ottawa to establish a specific contact within the office. Keeping in regular contact will serve an economic development organization's interest in more ways than one. Follow up does not need to be anything more than "just checking in" or sharing a news article from the local media about a recent project success. The objective is to establish a connection that results in name recognition and, more importantly, a higher priority in receiving a response.

Before a disaster strikes, it is important to include in conversations with lawmakers how the local community has positively benefitted from the financial assistance of federal programs. Outcomes and positive results should be shared in both verbal and written form. In particular, it is vitally important that they understand the importance of swift and efficient delivery of federal assistance. This may translate into the need to ease complex federal requirements in the case of a catastrophic event that has devastated the community. By laying the groundwork before your community is in need of assistance, urgent messages of need will be met with understanding ears.

Federal disaster assistance is often thought of as something that comes after an event, but most decisions regarding funding for federal responses are made months and sometimes years in advance. Funding for direct assistance and other services are determined through the normal course of budget deliberations. By communicating with representatives early and often, there is both the opportunity to impact the amount of aid received immediately after a disaster, as well as any support provided at a later time.

### **Working With Federal Staff After a Disaster**

It is critical for local community leaders to maintain good relationships with provincial and federal agency partners after a major incident. While challenging to do in a tense and often chaotic post-disaster environment, local communities that have successfully spurred recovery often point to the importance of working cooperatively with their provincial and federal partners, which include their parliamentary representatives. After a disaster, there should be outreach to provincial representatives to advocate for an equitable amount of federal disaster funds based on need.

When necessary, local governments and EDOs need to elevate issues to the Premier's office to help ensure bureaucratic obstacles are minimized when applying for

and accessing federal funding.

Developing a coalition of public and private sector leaders to visit parliamentary representatives in Ottawa is a popular strategy after a major disaster. When doing so, it is important to have a unified message among regional stakeholders to show support for critical needs to be addressed. Sharing information on the economic impacts of the disaster with your parliamentary representatives will go a long way to making a case for the need for federal assistance. They need to better understand that the specific event has overwhelmed local and provincial resources and that it necessitates federal assistance. While not all communities will conduct a comprehensive economic impact study, the locality or provincial will need to provide at least a preliminary damage assessment (PDA) to determine loss and recovery needs.

The economic impact information should assess both physical damage and economic damage to the industry and local economy. Where possible, it is important to point out the impacts on the regional and even national economy. This information provides intelligence and support for any request to Parliament to for additional funds for rebuilding and recovery. For more information, see the chapter in this toolkit on conducting a post-disaster economic impact study.

Frequent communication with members of Parliament shows the importance of support for federal assistance for disaster recovery, and the important role of the EDO in ensuring more resources will be distributed to your community following a disaster.

### **Outreach to Federal Agencies and Departments**

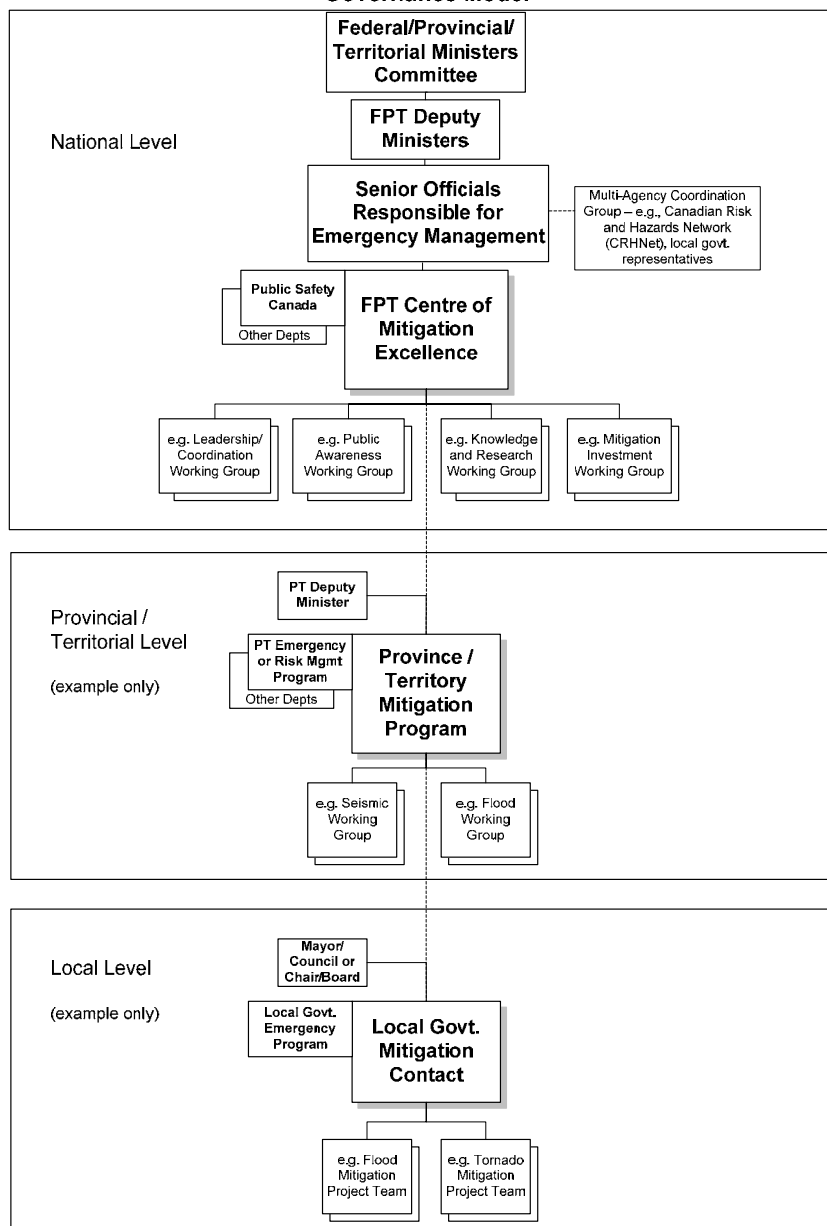
In the event of a large-scale natural disaster, the Government of Canada provides financial assistance to provincial and territorial governments through the Disaster Financial Assistance Arrangements (DFAA), administered by Public Safety Canada. When response and recovery costs exceed what individual provinces or territories could reasonably be expected to bear on their own, the DFAA provides the Government of Canada with a fair and equitable means of assisting provincial and territorial governments.

Through the DFAA, assistance is paid to the province or territory – not directly to affected individuals, small businesses or communities. Federal auditors process a request for reimbursement under the DFAA immediately following receipt of the required

documentation of provincial/territorial expenditures and a review.

Since the inception of the program in 1970, the Government of Canada has paid out more than \$3.4 billion in post-disaster assistance to help provinces and territories with the costs of response and of returning infrastructure and personal property to pre-disaster condition.

### National Disaster Mitigation Strategy<sup>24</sup> – Governance Model –



<sup>24</sup> <http://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/mtgtn-strtg/mtgtn-strtg-eng.pdf>

## Chapter IX: Strategic Planning for Disaster Recovery

Disaster recovery planning and preparedness is no longer strictly for communities that regularly experience flooding, forest fires or hurricanes. Whether the potential disasters are natural or manmade, communities must plan for disaster recovery in order to mitigate the impact that such a disaster could have on local businesses and residents. Planning for post-disaster situations can be a complicated, challenging, and controversial process. Yet, a community engaging in difficult conversations regarding redevelopment choices before a major disaster strikes can help the community avoid dissatisfaction in an already challenging situation afterwards.

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 must take the opportunity to redevelop their economic and social assets in order to not only emerge stronger from a disaster, but also be better prepared for future disasters. A post-disaster strategic plan provides the opportunity to re-evaluate economic objectives in light of vulnerabilities to disaster, and establish strategies and action steps to make progress toward long-term recovery.

Economic development organizations 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 and business organizations, they can coordinate involvement and leverage resources from the business community and are likely to take a leadership role in facilitating job 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.

### *Pre-Disaster*

#### Economic Preparedness Plan

A pre-disaster economic preparedness 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.

An 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.

The following section will reference community planning efforts.

#### 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: Designate the economic development organization to facilitate planning process.**

Developing an economic preparedness plan is a lengthy process requiring input from a variety of stakeholders. The local economic development organization or department should lead this process.

This organization will:

- Galvanize wide-ranging support from all stakeholders, particularly the local business community
- Help align the resources needed to get the planning process off the ground, and
- Serve 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 non-profit sectors as well as elected officials involved in local economic issues
- Regional and provincial 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 listed below.

Create stakeholder groups:

- Divide the stakeholders into subgroups that will focus on specific topics to be covered in the plan.
- 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 the stakeholders have already made, and assess how resources can be leveraged or combined for maximum impact and efficiency.

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.

**Economic Development Stakeholders: Disaster Redevelopment Planning**

- Economic Development Director/Chair
- Tourism Agencies
- Planning Department Director
- Building and Development Review Services Director
- Airport Manager
- Finance Director
- Municipal Economic Development Staff
- Representative(s) of the private sector (e.g. chambers of commerce, banking industry, tourism industry, business improvement organizations)
- Workforce agencies
- Universities and Colleges

**Step 3: Strategically evaluate how a disaster could affect the local economy.**

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
- Labour and workforce characteristics
- Buildings and infrastructure of economic importance
- SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis
- Local policy framework (e.g., building codes, local and provincial incentives and regulations, environmental mitigation policy, etc.).

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. 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 weaknesses in the community is an important component of the vulnerability analysis. This analysis should include items like declining industry clusters, workforce challenges, transportation and infrastructure issues, and other current concerns about economic growth in the community.

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:

1. **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?
2. **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?

### 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?



**3. 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?

**4. 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 following graphic summarizes the steps and questions that should be asked during scenario planning.

#### **Step 4: Develop action strategies and steps.**

Based on different scenarios and highlighted vulnerabilities in the community, an action plan should be developed with strategies, resources, responsible agencies, and suggested timelines. 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.

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 the lack of clear and timely news and information leads to the spread of false rumors and misinformation.

A communications plan 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, the following 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 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 province. 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, provincial, 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, non-profit and private funds.

#### **Step 7: Follow up with the plan.**

Take the following steps to ensure that the community adopts the economic preparedness plan and that collaborations remain active.

- *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>25</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>

- *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 amongst stakeholders. Convening stakeholders annually to evaluate and update the plan should foster these connections. 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

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 reassess its 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.

If an economic preparedness plan already exists, it can provide a strong foundation upon which to build the post-disaster planning process. It may also provide information 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.

Disasters can also provide the catalyst needed to shake things up and force the community to reassess their economy in relation to the rest of the world.

### 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 its 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).

<sup>25</sup> The Panama City Post Disaster Redevelopment Plan, <http://www.pcgov.org/publications-3#TOC-Planning-Department>

## Action Steps

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.

### 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 the Province may perform its own damage assessments. The study provides intelligence for local decision-makers and supports any request for further provincial funding for rebuilding/recovery. This impact study should be conducted as quickly as possible following the disaster knowing that a detailed economic analysis may 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),
- 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 Chapter VI in this toolkit.

### Greensburg, Kansas, Long-Term Community Recovery Plan (LTCRP)

Following an EF-5 tornado in May 2007, Greensburg, Kansas 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, in 2004, Polk County Florida'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. 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 economic development organization (EDO) in the community should take the lead in initiating the economic recovery planning process with support and engagement from other businesses, local government and other 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.

- **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. 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.

- **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.

- **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.

- **Produce a complete economic analysis:**

This economic analysis is different from the economic impact study conducted earlier, as it includes a detailed look at key industries, anchors, workforce characteristics, transportation and infrastructure issues, and how they have been impacted by the disaster. The analysis will provide insights into the current state of the economy and explore whether economic development targets should be reevaluated. 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:

- o Limited local capacity issues,
- o The assurance of a speedy planning process, and
- o The need for a fresh perspective.

As suggested in the pre-disaster planning section, it would be 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.

The following actions should be considered when undertaking the economic analysis:

- o Review existing strategic plans and studies to determine the extent to which they need to be updated to reflect the new realities on the ground.
- o 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.
- o Solicit information and input from the working groups as well as the community at large.
- o Conduct focus groups around key topics to help identify specific challenges and opportunities for the community's long-term economic recovery.



- o Hold an economic redevelopment charrette with various stakeholders (economic developers, planners, local government, businesses, citizens, etc.) to develop strategies for specific geographic areas like downtowns, industrial park(s), and the neighbourhoods most impacted by the disaster.

It is important that all economic 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.**

Intelligence gathered through the economic analysis will serve as the basis for the development of the community's long-term economic recovery plan. 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.

Business retention and expansion (BRE) should be addressed before any recruitment efforts take place. Existing businesses are the ones that are most likely to rebuild the economy. In addition, programs and policies supporting new business development and entrepreneurs should be established. Not only will these programs complement BRE efforts in the community, but they are also likely to spur job growth and private investment in the community.

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.



## Resources

A group of eight Florida counties participated in a pilot program to develop disaster preparedness plans through rigorous planning. These Post-Disaster Redevelopment Plans (PDRPs) 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. Pilot communities that have developed the plan include: Hillsborough County, Manatee County, Nassau County, Panama City, Polk County, and Sarasota County. The guidebook developed by Florida to help communities prepare their own PDRPs can be accessed at:

<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)

**Economic Development When Rebuilding – Fostering Growth after a Disaster (1999)**—Published by the University of Florida's Institute of Food and Agricultural Sciences, this paper gives brief direction on both pre- and post-disaster planning. It is available at: <http://disaster.ifas.ufl.edu/PDFS/CHAP04/D04-30.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>.

**Disaster Recovery: Experiences from Past Disasters Offer Insights for Effective Collaboration after Catastrophic Events (July 2009)**—Published by the Government Accounting Office (GAO), this report reviews five catastrophic disasters—the Loma Prieta earthquake (1989), Hurricane Andrew (1992), the Northridge earthquake (1994), the Kobe earthquake (1995), and the Grand Forks flood (1997)—to identify recovery lessons and make some recommendations to the federal government. The report is available at: <http://www.gao.gov/new.items/d09811.pdf>.

**Louisiana Speaks: Long-term Community Recovery Planning**—This tool provides pre- and post-disaster planning resources for the citizens of southern Louisiana and beyond. The tool is available at: [http://www.louisianaspeaks-parishplans.org/PlanningProcess\\_Homepage.cfm](http://www.louisianaspeaks-parishplans.org/PlanningProcess_Homepage.cfm).

**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>

**Association of Bay Area Governments' Earthquake and Hazards Program**—This program provides valuable resources on long-term recovery planning for various city government services and programs, and it includes a section on business recovery. These resources are available at: <http://quake.abag.ca.gov/>

**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 provincial 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)

**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.

## Chapter X: Distressed Neighbourhood Revitalization Post-Disaster

In disaster-impacted communities, economic development organizations (EDOs) and chambers of commerce lead economic recovery efforts by helping local businesses respond to and recover from disaster. In addition to helping businesses, economic organizations should take into account a business's affected neighbourhoods and take opportunities to revitalize distressed neighbourhoods in the wake of a disaster. A "distressed" neighbourhood is an area of a city that has experienced a decline in economic activity (including reduced purchasing power and reduced per capita income compared to surrounding areas). Increased crime, blight, and vacant parcels and properties often characterize distressed neighbourhoods.

This chapter introduces the challenges and opportunities that accompany the revitalization of a distressed neighbourhood. Next, this chapter addresses neighbourhood beautification and local communication needs. Finally, the chapter outlines recovery processes, including the following:

- Mobilizing the community/neighbourhood for change
- Assessing the needs of the neighbourhood
- Developing a vision for the neighbourhood
- Identifying and implementing new strategies
- Monitoring performance of planning activities

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 neighbourhoods are frequently characterized by particular, pre-existing economic development challenges.

### *Distressed Neighbourhood Revitalization*

The revitalization of neighbourhoods 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, and barriers to affordable housing, infrastructure status, chronic vacancy, crime rates, unemployment rates, workforce issues, and the neighborhoods' history. The following challenges and opportunities provide a baseline of questions and criteria that are useful when conducting a holistic assessment of the neighborhoods' post-disaster needs.

### Challenges

Distressed neighbourhood revitalization post-disaster presents a unique challenge in that it requires the combination of what are often two separate complicated economic development undertakings of neighbourhood revitalization and disaster recovery. Challenges unique to this situation include:

- **Pre-Disaster Conditions** - Pre-disaster conditions and issues of a distressed neighbourhood are exacerbated post-disaster, making revitalization challenging. A disaster brings 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 neighbourhood businesses or activity centres.
- **Lack of Capacity** - If a neighbourhood was in need of revitalization before a disaster; many times it is because there was a lack of community capacity to do so. Some may have lacked formalized, active neighbourhood groups. This could then present barriers to recovery, due to the fact there are no pre-existing organizations or networks to disseminate information or provide the necessary leadership it requires to foster recovery.
- **Neighbourhood-oriented Commercial Activity Overlooked** - Neighbourhood 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 neighbourhood commercial activity. This presents the challenge

of developing awareness of neighbourhood needs, including funding, capacity, or other issues.

- **Difficulty in Seeing Revitalization Potential** - A distressed neighbourhood post-disaster can present a challenge in that the image of the neighbourhood is that of its past and overcoming that image may be a barrier in determining what it can be. Local residents of a distressed neighbourhood will require further efforts to get involved, as many could not see the neighbourhood as anything other than what they know.
- **Small Neighbourhood Businesses Hit Hard** - The majority of neighbourhood businesses are locally family owned businesses. This presents a series of challenges in recovery, especially if the family's home is in the same impacted area. Taking on additional debt for recovery may not be appealing, forcing families to abandon the business. This is especially true if the neighbourhood is impoverished, where businesses cash reserves are low, and their sales cannot support additional debt.
- **Divisive Social Lines** - In many distressed neighbourhoods social and class issues exist, and during recovery the increased tensions can make a neighbourhood 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 neighbourhood equally. These challenges require identifying divisive lines or broken social networks, and developing programs to address these issues.

### Opportunities

While distressed neighbourhood revitalization post-disaster presents many challenges, it also presents unique opportunities. These opportunities, which can be used to an advantage in recovery, include the:

- **Opportunity to re-group, re-connect, and re-focus a neighbourhood** - 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, reconnect with each other and to re-focus a neighbourhood to address neighbourhood issues. In many jurisdictions, a neighbourhood in need of revitalization does have programs and services it can receive including a designation of a business improvement area.

- **Ability to prevent the economic impact of a disaster from spreading within and/or to other neighbourhoods** - The economic impact of a disaster can easily spread with many people who are tired of the neighbourhood abandoning houses and businesses. A recovery program or plan presents an opportunity to stop and eliminate this spread. This is especially appealing to surrounding neighbourhoods and residents who may be concerned with their property values declining.
- **Ability to rehabilitate/repurpose existing neighbourhood assets for new purposes that meet both neighbourhood and city needs** - Every neighbourhood has assets, and in a post-disaster situation 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 neighbourhood and the city to utilize.
- **Ability to improve quality of life for existing residents and adjacent neighbourhoods** - A blighted neighbourhood hurts the city and residents in many ways, including reduced property values for adjacent properties and neighbourhoods, 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 centre 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 neighbourhood 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 neighbourhood is included in recovery efforts and that the needs are brought to the attention of stakeholders during redevelopment are beginning steps for neighbourhood revitalization. Efforts to organize include:

## **Identify Relevant Stakeholders**

It is important to know who to involve so that the neighbourhood is properly represented and recovery efforts can be easily organized. Identify local groups and charities involved in the neighbourhood, religious organizations, prominent business owners in the neighbourhood, and contacts at the city, regional, and provincial level. Gathering contact information through formal networks can bring many stakeholders to light, but informal discussions on the goal to revitalize the neighbourhood 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 neighbourhood meetings and can empower individuals who have a vested interest in their neighbourhood.
- **Gather Residents to Spur Interest and Educate** - Gathering local residents of the distressed neighbourhood 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 neighbourhood. This can help ease abandonment of properties in the neighbourhood by showing property owners that revitalization is in the works and plans to improve the neighbourhood will be developed. Just knowing efforts will happen to improve the neighbourhood can be a powerful enough message to persuade residents to stay, as seen in the spotlight box below.
- **Roles and Responsibilities** - Neighbourhood revitalization strategies require a commitment of numerous participants, including residents, neighbourhood 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.

**Individual Residents** - Driver(s) of redevelopment and primary stakeholders. Participate in neighbourhood organizations. Provide input for planning efforts, including attending neighbourhood meetings and

hearings. Support local economy and businesses. Embrace or work against a negative neighbourhood image or identity.

**Neighbourhood Groups and Associations** - Include local development companies, local business development organizations, religious groups and local community centres. Represent neighbourhood interests, provide capacity for redevelopment, reach out to local professionals for skills, and provide knowledge of neighbourhood to community and other parties.

**Economic Development Professionals** - An ED professional can have a variety of responsibilities post-disaster. Serves as an analyst of the needs and conditions of the neighbourhood, a catalyst and advocate for change, an educator to the public and other officials, and a visionary to assist in visioning a revitalized neighbourhood and connecting resources to do so.

**Local Government** - Various departments and agencies have many responsibilities in neighbourhood economic development. Provides resources for disaster recovery, support strategies for revitalization, and collaborates across departments and agencies. Recognizes the individual needs of each neighbourhood, enforces housing codes to fight blight and vacancy, streamlines permitting process, and works with community organizations to stimulate neighbourhood confidence.

## **Assessing Neighbourhood Revitalization Needs**

Assessing revitalization needs can begin during the initial organization of efforts, visioning process, or recovery planning process. Ideally, it would occur immediately after a disaster, before people and businesses leave a neighbourhood permanently. Assessing the revitalization needs of a distressed neighbourhood 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 neighbourhood 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, information collected can include key neighbourhood assets to reopen/preserve, neighbourhood values, prior issues/barriers that may arise again, neighbourhood-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](#).

### **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 neighbourhood. Qualitative and quantitative information can be used to formulate issues, gather ideas for redevelopment, and gauge what is valued in the neighbourhood. Many different groups can implement the survey, such as an EDO, chamber or business group. Whoever implements the survey should have a level of trust and some relationship with the recipients to ensure a better, truthful response. A sample business survey can be seen in [Resource Appendix 9](#).

#### ***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 neighbourhood 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.

#### ***Neighbourhood asset mapping***

Asset mapping shows the assets of the neighbourhood 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 neighbourhood 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>

### ***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.

### ***Neighbourhood gatherings or meetings***

A fruitful means to gather input in a neighbourhood is with a gathering or meeting. Especially post-disaster when neighbourhood members are looking for answers on how to recover, a meeting can be a great tool to gather feedback on the needs and issues of revitalization. This is also an opportunity to distribute a business or community survey and receive immediate personal feedback.

### ***Developing a Vision for Neighbourhood Revitalization***

To build support for neighbourhood revitalization, all stakeholders, especially existing local residents, need to start to build a vision for neighbourhood revitalization. Without the engagement of local residents, the sustainability or success of any revitalization attempts faces grim survival odds. Gaining an authentic desire to change amongst the community and residents is important for the revitalization process to be successful. Building a vision and engaging local residents throughout the revitalization process can create a sense of ownership of a neighbourhood, its challenges and implementation interventions.

A distressed neighbourhood can have divisive lines or a “shattered” social network. A shared experience of a disaster gives a common ground for neighbourhood residents to connect. It allows them to begin the rebuilding process of not just the physical neighbourhood, but of the identity and connectedness of a neighbourhood.

To jump-start this process, a meeting or gathering should be organized to engage 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 help rally residents around the neighbourhood to be catalysts for change. Potential exercises include charrettes or other activities that get attendees identifying issues in their neighbourhood, and begin developing a vision of what it can become. Tips can be taken from Chapter IX on strategic planning. 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 neighbourhood and community for change and assessing revitalization to help develop a planning strategy. For more information refer to Chapter IX.

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 neighbourhood revitalization. Below a few select strategies are discussed. Choosing one of the model strategies will not be enough to facilitate revitalization alone, but this coupled with neighbourhood support and other local stakeholders 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.

### **Neighbourhood Redevelopment/Revitalization Task Force**

A redevelopment or revitalization task force is a group of key neighbourhood stakeholders and community stakeholders. Developing a task force/coalition of neighbourhood-based actors that can pool financial and human resources is one way to take advantage of the neighborhoods’ existing resources. The scope of the task force can vary depending on neighbourhood need, but it can be used to oversee revitalization efforts, or bring neighbourhood needs to the attention

of agencies and local governments. A task force is beneficial in that it can provide local insight on neighbourhood 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, neighbourhood organizations, government officials, and professionals with potentially relevant skills. Residents can be gathered from the visioning meeting or a neighbourhood rally meeting. If there is no interest/lack of stakeholders, bring in nearby neighbourhood stakeholders or organizations and explain how issues in this neighbourhood will affect/spread into the surrounding area and city unless work is done. Another 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 neighbourhood 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 provincial officials.
- Partner with an enforcing power: Partnering with a city office or other organization allows the task force to use established organizations' representations to enforce planning steps and reach out during the planning effort.

### **Neighbourhood Revitalization Plan - Short and/or Long Term**

One of the most common strategies for revitalization of a distressed neighbourhood is to develop a neighbourhood revitalization plan that can guide and organize efforts. A revitalization plan will help in identifying the current issues, capturing the neighborhoods' vision, defining action steps to revitalization, and defining a structure for 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 neighbourhood revitalization plan.

#### ***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 neighbourhood. The revitalization plan, however, should not just conform to the city/region plan, but should work to inform the plan. Being able to provide neighbourhood level perspective, action items, and other decisions informs the plan and city on subject matter that may otherwise not have been discovered.

#### ***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 neighbourhood; businesses may no longer serve neighbourhood needs, and social or physical needs of a neighbourhood may change as well. A plan should avoid utopian ideals and recognize the changed market of the neighbourhood. This change can be identified during the initial needs assessment.

#### ***Ensure plan identifies action steps to fight prior issues/barriers***

Acknowledging why the distressed neighbourhood 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.

### Initiatives and Strategies for Revitalization

- 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 neighbourhoods ([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.

### *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. During the implementation, it’s important to hold previously identified implementers accountable and follow up with these parties frequently to ensure implementation occurs.

### Areas of Neighbourhood Redevelopment and Beautification

#### *Improving Infrastructure*

Distressed neighbourhoods 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 neighbourhood 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 Chapter X.

#### *Streetscape and Facade Improvements*

Along with infrastructure, the streetscape in a neighbourhood and commercial area can speak loudly to an image of a neighbourhood. Seizing the opportunity to rebuild post-disaster, funding for streetscape improvement (e.g. 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 in Iowa. 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 neighbourhood 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 neighbourhoods 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 backup. In addition, current zoning in the neighbourhood 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 neighbourhood. Like many areas post-disaster, they were dealing with a commercial street with little business activity. Local neighbourhood leaders launched multiple efforts, including starting the Feret Street Market. More notably though, neighbourhood 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 neighbourhood. 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: [http://www.nola.com/business/index.ssf/2012/11/feret\\_street\\_resurgence\\_conti.html](http://www.nola.com/business/index.ssf/2012/11/feret_street_resurgence_conti.html)

## Neighbourhood Revitalization Funding

Neighbourhood 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 as seen in the example below can provide useful material to neighbourhood commercial activity. Some strategies for funding opportunities include:

- Seek donations of money and professional services

from organizations and businesses in the community who were not affected by the disaster;

- Tap volunteer networks for labour, organizational work, such as updating social media pages;
- Seek out donations from local foundations and organizations See façade improvements section for an example;
- Seek grants that apply to your neighborhoods' circumstances, such as low-income or historic preservation grants/tax credits;
- Work with the city to establish tax incentives. Examples include an "opportunity zone", "enterprise redevelopment zone" or a "revitalization overlay."

## Communications

With any post-disaster recovery situation, communications are important for recovery. Chapter VII shows how many strategies can be applied in the post-disaster portion of recovery. It is important post-disaster to communicate specifically with neighbourhoods 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. Communities can use social media like Twitter and Facebook accounts to dispel rumors and misinformation.
- Use neighbourhood-level grassroots network to share information (e.g. group listservs, meetings, events etc.). 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 (e.g. newspaper, television, flyers, newsletters, social media, websites etc.)
- Tap informal networks in the neighbourhood (e.g. posting meeting notices in a key neighbourhood business) to reach those who may not be part of a formal network such as a neighbourhood group.

## Recognition - Marketing the New and Improved Neighbourhood

Part of revitalizing a neighbourhood is building an identity for the neighbourhood. Distressed neighbourhoods 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 neighbourhood achievements not just amongst neighbourhood residents, but to use the media to raise community awareness of the development of the neighbourhood.

- Host large neighbourhood events at anniversaries (i.e. 1 year post-disaster)
- Host ongoing celebrations for re-openings, or new business/ ribbon cuttings
- 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 neighbourhood assets such as parks or infrastructure, or a proposal for new development.

An example of this can be seen in the following spotlight of Goderich, Ontario.

### ***Social Media and Online Presence***

Communication has taken on an additional role in the age of technology with new avenues to distribute information. 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:
  - o Deliver information to partnerships to post to social media sites
  - o Co-sponsor events with established partnerships and gain credibility via their social media presence.
- Build an online presence. Easy interfaces allow simple site building and free hosting, such as with Google sites.
- Ensure your neighbourhood is recognized by major map sources. For example, Google maps allow neighbourhoods to appear on their maps.
- Visit Google Map Maker (<http://www.google.com/mapmaker>) to build and submit your neighbourhood.

### **Case Study: Goderich, Ontario - Marketing Recovery**

In August of 2011 a F3 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: Interview with Todd Letts and Susan Armstrong, December 2012.

## Summary

Working to revitalize a neighbourhood post-disaster takes a long-term strategy and requires at times creative thinking, collaboration and communication. Building support for revitalization is key for sustainable success of efforts. Without local buy-in, resistance will be met along the path for revitalization. This is important to avoid post-disaster, as a distressed neighbourhood can become a bigger issue for surrounding neighbourhoods and the community itself. Organizing revitalization quickly post-disaster allows efforts to begin in a time frame that can bring commercial activity back and build an environment that encourages further business activity.



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## Additional Resources

- Vibrant Communities Canada ([www.vibrantcanada.ca](http://www.vibrantcanada.ca))
- The Canadian CED Network ([www.ccednet-rcedc.ca](http://www.ccednet-rcedc.ca))
- Neighbourhood Revitalization Planning and Implementation Tips and Strategies: <http://www.blueprintcommunities.com/wv/pdfs/newberg%20presentation.pdf>
- Neighbourhood Revitalization Program Examples: <http://www.neighbourhoodrevitalization.org/programs/Index.aspx>

## Chapter XI: Economic Diversification after a Disaster

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>25,26</sup>, most importantly; economic diversity increases regional resiliency and stability<sup>27</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>28</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 partners 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. Engaging regional partners and diversifying early much better prepare a community 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.\*

### *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.

<sup>25</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>26</sup> Scott, A.J. (1988). *Metropolis: from the division of labour to urban form*. Berkeley: University of California Press.

<sup>27</sup> Xiao, Y., & Drucker, J. Forthcoming. *Does economic diversity enhance regional disaster resilience?* Journal of the American Planning Association.

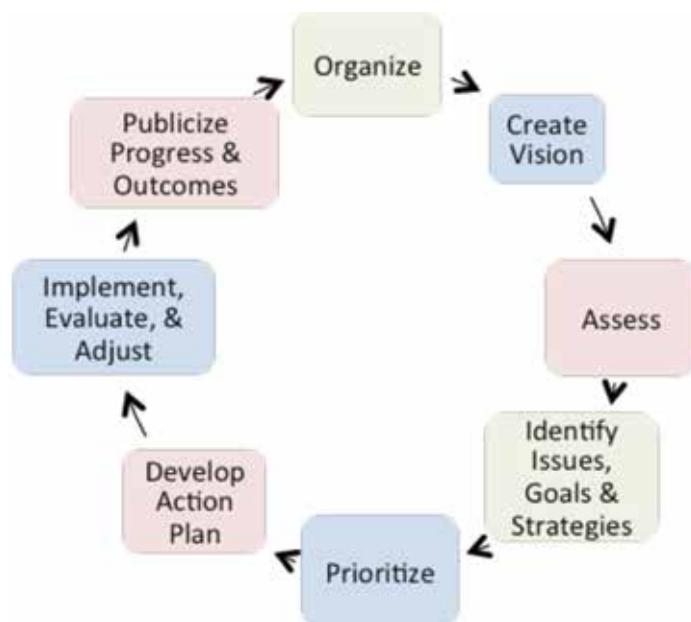
<sup>28</sup> Brewer, A. (1985, February). Trade with fixed real wages and mobile capital, *Journal of International Economics*, 18(1-2); Malizia, E. E., & Ke, S. (1993). The Influence of Economic Diversity on Unemployment and Stability. *Journal of Regional Science*; Frenken, K., et al. (2007). Related 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.

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 coloured 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. 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.



### Organize: Identifying EDOs

Potential economic development partners and engagement opportunities may come from the local, regional, and provincial level. Partners can include provincial, county, and city public agencies, public authorities, public-private partnerships, non-profit organizations, urban planners, chambers of commerce, trade associations, business leaders, educational institutions and others.

Possible partner EDOs for developing a diversification strategy include:<sup>29</sup>

- **Economic development foundation, agency, or organization**
  - o City or regional planning agency
  - o Chamber of commerce (local and provincial)
  - o Main Street organization
  - o Convention and tourism organizations
  - o Better Business Bureau
  - o Special improvement districts
  - o Business improvement districts
  - o County economic development authorities or commissioners
  - o Regional economic development councils or partnerships
  - o Government: city, county, and provincial
  - o Government advisory boards
  - o Convention centre
  - o Economic development districts
  - o Aboriginal organizations
  - o United Way
- **Educational/Workforce Institutions**
  - o Provincial departments of public schools, technical schools, and higher education
  - o Primary education: public and private schools
  - o Higher education: universities (private and public, community colleges, vocational training centres and career technology centres)

Adapted from *Economic Development Strategic Planning* (2011). International Economic Development Council, p.14

<sup>29</sup> Adapted from *Managing Economic Development Organizations* (2011). International Economic Development Council. Washington DC, pp. 110-112.

- o Private training facilities
- o One-stop shops
- o Certified business incubators
- o Libraries: local, regional, and/or provincial facilities
- **Local Businesses/Associations**
  - o Retail establishments
  - o Building centres
  - o News sources
  - o Civic clubs
  - o Professional associations
  - o Board of realtors, other real estate professionals
  - o Manufacturing alliances or associations
  - o Health care providers, hospitals and clinics
- **Provincial Organizations**
  - o Department of transportation
  - o Tax commission
  - o Employment commission
- **Infrastructure and Utility Organizations**
  - o Utility providers (e.g. electric, natural gas, water, sewer, waste management)
  - o Railroad
  - o Cable and IT communications
  - o Major telephone providers
  - o Regional airport
- **Financial Institutions**
  - o Banks
  - o Credit unions
  - o Community Futures
  - o Organizations with a revolving loan fund
  - o Angel investors
- **Civic Organizations**
  - o Municipal organizations (Alberta Urban Municipalities Association, Union of British Columbia Municipalities)
  - o Kiwanis International
  - o Lion's Club International
  - o Rotary International
  - o Faith based organizations

### **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, ones that overlap with emerging technologies, have missing supply chain links, looking for 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>30</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—

<sup>30</sup>Strategic Planning Manual (2011). International Economic Development Council. Washington, DC.



both of which are strategies for diversification. The second piece of the assessment, therefore, is evaluating the region's labour 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 government department responsible for labour and through conversations with workforce groups and anchor institutions like 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 U.S. Emerging clusters, however, are more difficult to identify. To measure clusters:<sup>31</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.
- **Evaluate the economic base:** Location quotient, shift-share, input-output or a combination of these techniques. Identify basic exporting industrial sectors.
- **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:** Then interview firms by asking:
  - o Who are your major suppliers and buyers by industry?
  - o What percentage (approximate) of your production needs come from within the region?

- o What percentage of your customers is located in the region?
- o Why has your company located in this particular area?
- o What are critical resources that support your business?
- o How have your firm's sales been in the past three years?
- o Does your firm plan to hire additional workers in the next three years?
- o Do you engage in any joint ventures with nearby firms?
- o How much do you spend on R&D?
- o How many patents has your firm generated?
- o 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 its 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. Some cluster-specific analysis tools have been developed that are targeted towards rural areas that can't use data given by most federal websites. They are:<sup>31</sup>

1. <http://clustermapping.us/methodology/data-quickstarts/> - A web-based resource for analyzing clusters geographically; this was developed by a consortium led by the Purdue Centre for Regional Redevelopment and the Indiana Business Research Centre.
2. <http://www.statsamerica.org/innovation> - This is a tool to analyze innovation, clusters, and investment decisions. It was produced and maintained by the Indiana Business Research Centre at Indiana University.

<sup>31</sup> *Strategic Planning Manual* (2011). International Economic Development Council. Washington, DC.

<sup>32</sup> *Introduction to Economic Development* (2011). International Economic Development Council. Washington, DC.

## 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 service providers. 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 non-profit 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 who 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>33</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>34</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.
- 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

<sup>33</sup> *Managing Economic Development Organizations (2011)*. International Economic Development Council. Washington, DC.

<sup>34</sup> *Ibid.*

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.

#### **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.

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, local government financing is often required for major projects, such as infrastructure.
- 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.

#### **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:

|  |  |                           |                           |                           |
|--|--|---------------------------|---------------------------|---------------------------|
|  | <div>Horizontal alignment (organization)</div> |                           |                           |                           |
| <div>Vertical alignment (business stage)</div> |  | Organization <sub>1</sub> | Organization <sub>2</sub> | Organization <sub>3</sub> |
|  | Seed   | Program <sub>1</sub>      | Program <sub>2</sub>      |                           |
|  | Start-up                                       | Program <sub>2</sub>      | ...                       |                           |
|  | Mature   |                           |                           |                           |

### 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](#).

### 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. 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>35</sup>

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 centre
- 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

<sup>35</sup> Urban Conservancy and Civic Economics (2009, September). *Thinking Outside the Box*. Retrieved from <https://bealocalist.org/thinking-outside-box-report-independent-merchants-and-local-economy-profile>

### 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 centres to encourage small business, including the Centre 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 Centre 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 centre, 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](#).

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 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.** Economic development organizations 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.

### 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>36</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, labour unions and government agencies to expand a 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 centres 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 centres include the following:<sup>37</sup>

- **Community colleges and other institutions of higher education can-**
  - o Adapt education offerings to current economic conditions
  - o Tailor programs to local industry needs and labour shortages
  - o Work with private-sector partners to define needs
  - o Provide professional instruction, training facilities and advanced technologies
  - o Serve as the region's most valuable information source
- **Establishing training centres can-**
  - o Act as outside consultant to develop training programs and curricula
  - o Verify industry needs and labour shortages
  - o Non-profit training centres 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>38</sup> This is discussed in more detail below.

### 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

<sup>36</sup> *Workforce Development Manual* (2011). International Economic Development Council. Washington, DC.

<sup>37</sup> Ibid.

<sup>38</sup> Sheely, S. (2005, October). *Regional Industry-Driven Centres of Excellence as a Vehicle for Investment in Innovation*. [PowerPoint Presentation]. Lancaster County Workforce Investment Board. Lancaster, PA

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>39</sup> Clusters can be linked vertically through buyers and suppliers and horizontally through businesses that compete in the same market or share resources (e.g. technology, raw materials or workforce). More specifically, clusters can be built around the support services of:<sup>40,41</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. Once the analyses and planning stages have been completed a community can decide what interventions need to be made.

#### ***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 (A&O) 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 Sportswear, the A&O 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>42</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 centre 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>43</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. For example:

<sup>39</sup> Porter, M. (2007, November). Clusters and Economic Policy: Aligning Public Policy with the New Economics of Competition, pp. 2-3

<sup>40</sup> Plosila, W.H. (2004). State science- and technology-based economic development policy: History, trends and developments, and future directions. *Economic Development Quarterly*, 18.

<sup>41</sup> Porter, M. E. (1998). Clusters and the New Economics of Competition. *Harvard Business Review*, November-December, pp. 77-90.

<sup>42</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>43</sup> Economic Diversification into Knowledge-based Industries in Ponca City, Oklahoma (n.d.). *RestoreYourEconomy*. Retrieved from <http://restoreyoureconomy.org/diversifying-into-knowledge-based-industries-in-ponca-city-oklahoma-after-the-departure-of-conoco-phillips-case-study/>

- What knowledge and competencies are applicable across different industries?
- What knowledge and competencies are transferable across segments of the workforce?
- What institutions are 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?<sup>44</sup>

Work with workforce development organizations, universities and training centres 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 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

1. Help companies that are already exporting reach new markets (if appropriate)
2. 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 Available Federal and Provincial Trade and Export Programs**

There are a few key federal and provincial funding and partnering sources for the promotion of exports. The following outlines some of the federal initiatives. For information on Provincial programs please contact the Ministry responsible for trade and export.

#### ***International Development Assistance***

Provides international development assistance to

help people living in poverty in specific countries or regions as part of Canada's Aid Effectiveness Agenda. Organizations can propose international development initiatives to DFATD by responding to a call for proposals or submitting an unsolicited proposal to implement a project in a country eligible for international development assistance from Canada.

#### ***International Development Research Centre***

Provides funding to researchers and students pursuing international development research at a university in Canada or in a developing country.

#### ***Invest Canada - Community Initiatives***

Helps Canadian communities attract, retain and expand foreign direct investment.

#### ***Global Opportunities for Associations (formerly PEMD-A)***

Provides contribution funding to support national associations undertaking new or expanded international business development activities, in strategic markets and sectors, for the benefit of an entire industry (member and non-member firms).

#### ***International Science and Technology Partnerships Program (ISTPP)***

Promotes international collaborative research and development. The five-year, \$20-million program increases the international competitiveness and prosperity of Canada by building stronger science and technology relationships with Israel, India, China and Brazil.

#### ***Industry Canada***

Industry Canada provides tools, information and network contacts. The Department works to improve conditions for investment, improve Canada's innovation performance, increase Canada's share of global trade and build a fair, efficient and competitive marketplace.

#### ***Canadian Commercial Corporation (CCC)***

CCC is a federal Crown corporation mandated to promote and facilitate international trade on behalf of Canadian industry particularly within government markets. When CCC is engaged as prime contractor on your export sale, CCC signs the contract with the buyer and then sub-contracts to you. This gives you an edge over the competition while reducing your project risks.

<sup>44</sup> Workforce Development Manual (2011). International Economic Development Council. Washington, DC.

### **Canadian Trade Commissioner Service (TCS)**

The Canadian Trade Commissioner Service can help companies succeed globally and lower the costs of doing business through four key services: Preparing for International Markets; Assessing Market Potential; Finding Qualified Contacts; and Resolving Problems.

### **Export Development Canada**

EDC provides insurance and financial services, bonding products and small business solutions to Canadian exporters and investors and their international buyers. They support Canadian direct investment abroad and investment into Canada. Much of their business is done in partnership with other financial institutions and through collaboration with the government of Canada.

## **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 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.

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## **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  
Statistics Canada:

- Consumer Price Index
- Current employment and occupational statistics
- Estimates of gross provincial product
- Data on foreign direct investment
- Demographic and workforce data
- Five-year economic census (for years ending in 1 and 6)
- Annual survey of manufacturers for Canada and the provinces
- Business patterns for provinces, metropolitan areas, regions

## Case Study Appendix



## Case Study 1: Joplin, MO: Setting Economic Development Priorities Pre- and Post-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 tornados 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 Wal-Mart, 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 province 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) non-profit, 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 centre at its offices, where the Small Business Technology Development Centre 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 centre 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 provincial 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 provincial 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 Alberta

The Economic Disaster Recovery Program was launched by Economic Developers Alberta (EDA) in partnership with the British Columbia Economic Development Association (BCEDA) to provide flood-impacted communities in the Calgary region with a series of practical economic recovery resources. The program received the support of volunteer teams of economic development professionals from across Canada and the United States.

EDA engaged 10 impacted areas in the Calgary region for the EDRP, including the four that were documented in this case. These communities were responsible for selecting leads that invited key stakeholders to participate in the consultation process. EDRP teams then completed reports for each community with recommendations based upon focus group and business walk discussions. Discussions with businesses were intended to focus on a five minute survey but transformed into emotional, hour-long discussions in heavily impacted areas.

The program benefitted these communities with limited implementation capacity by providing expert and realistic recommendations. Recommendations emphasized the importance of gathering the right business contact information, building cross-sector relationships, and conducting economic disaster recovery planning. The summary EDRP report can be downloaded at <http://www.edaalberta.ca/EDRP-Summary-Report>.

## Case Study 3: Addressing Full Spectrum of Economic Recovery- 2008 Cedar Rapids 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>45</sup> and reached an all-time high of 126,498 in 2010 – a 1.6 percent increase.<sup>46</sup>

The railroad, built through Cedar Rapids in the mid-19th 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 19th 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>47</sup> Cedar Rapids has historically boasted a "higher percentage of exported products, per capita, than anywhere else in the U.S."<sup>48</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>49</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>50</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>51</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>52</sup> Citizens living in the flood impact zone had mere hours of notice to evacuate.<sup>53</sup>

<sup>45</sup> US Census Bureau, American Community Survey Three-Year Estimates 2005-2007: Cedar Rapids city, Iowa. Accessed August 3, 2012. <http://www.socialexplorer.com.ezproxy.lib.utexas.edu/pub/reportdata/home.aspx>

<sup>46</sup> US Census Bureau. America Community Survey 1-Year Estimates Demographic and Housing Estimates 2010: Cedar Rapids city, IA.

<sup>47</sup> Merta, A. (2012, June 21). *Phone interview by author*, Washington DC.

<sup>48</sup> Cedar Rapids Area Convention & Visitors Bureau. Cedar Rapids History, last modified 2011, <http://www.cedar-rapids.com/about/history/>.

<sup>49</sup> US Census Bureau. American Community Survey 1-Year Estimates 2010: Selected Economic Characteristics: Cedar Rapids, IA.

<sup>50</sup> US Census Bureau. American Community Survey 1-Year Estimates 2008: US Selected Economic Characteristics.

<sup>51</sup> City of Cedar Rapids, Iowa. Flood Recovery Process, last modified 2012. Retrieved from <http://www.cedar-rapids.org/city-news/flood-recovery-progress/Pages/default.aspx>.

<sup>52</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>53</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>54</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 5th largest disaster in the U.S.,<sup>55</sup> leaving "more than 700 businesses with estimated flood recovery [needs of] as much as \$1.5 billion."<sup>56</sup> Across Cedar Rapids, 602 businesses reported losses in the sum of \$210 million.<sup>57,58</sup> Of these businesses, 96 incurred losses of over \$500,000 and 49 reported losses of over \$1 million.<sup>59</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>60</sup>

Many businesses carried only basic business insurance, which does not protect against floods.<sup>61</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>62</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 non-profit 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 Centre (EOC). Representatives from the city, provincial, and federal government and local and regional non-profits utilized this centre by dividing up tasks and collaborating to solve 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

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<sup>54</sup> Neumann, D. (2012, June 25). *Phone interview by author*, Washington DC

<sup>55</sup> Cedar Rapids Chamber, *First Business*.

<sup>56</sup> City of Cedar Rapids, *Flood Recovery Process*.

<sup>57</sup> The Chamber's report excludes larger employers such as Quaker, Cargill, etc.

<sup>58</sup> The average loss is \$349,000 when excluding larger employers.

<sup>59</sup> Cedar Rapids Chamber, *First Business*.

<sup>60</sup> Ibid.

<sup>61</sup> Ficken, G. (2012, June 29). *Phone interview by author*, Washington DC

<sup>62</sup> Cedar Rapids Chamber, *First Business*.

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>63</sup> This real time information flow alerted the EOC to emergencies and critical situations in the field.<sup>64</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 non-profits, arts and cultural groups, schools, organized labour, landlords, the Downtown District, local government, and neighbourhoods.

The RRCT met daily in the first eight weeks engaging businesses and neighbourhoods, 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 non-profit 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, provincial, 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>65</sup>

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>66</sup>

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<sup>63</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>64</sup> Merta, *phone interview*.

<sup>65</sup> Merta, *phone interview*.

<sup>66</sup> Butterfield, C. & Pratt, J. (2012, August 3). *Phone interview by author*, Washington DC.

## 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 provincial, 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>67</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>68</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 non-profit organizations, and the city, provincial, and federal government. To date, more than \$68 million has flowed into Cedar Rapids to assist in business recovery efforts.<sup>69</sup>

## Helping Businesses to Keep Doors Open through Financial and Technical Assistance

Funding to assist businesses sprang up from both the local and provincial 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.

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>70</sup> In total, 411 businesses accessed these \$25,000 zero-interest forgivable loans through an application process run by the Chamber.<sup>71</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>72</sup> The chamber, city, and Business Case Management team worked with federal programs to ensure that businesses could access the federal funding.<sup>73</sup>

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<sup>67</sup> Neumann, *phone interview*.

<sup>68</sup> Butterfield and Pratt, *phone interview*.

<sup>69</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>

<sup>70</sup> Cedar Rapids Chamber, *First Business*.

<sup>71</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>72</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>73</sup> Cedar Rapids Chamber, *First Business*.

## **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>74</sup> By 2009, the CRSBRG helped generate enough support to pass a five-year one percent local option sales and services tax (LOST) with estimated revenue of \$78 million.<sup>75</sup> As of February 2012, the City had “invested \$42.2 million into 16 acquisition, rehabilitation, and flood recovery programs.”<sup>76</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 labour [and] construction materials.”<sup>77</sup> This program distributed resources in a way that allowed businesses to become operational more quickly.<sup>78</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.

## **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>79</sup> Cedar Rapids’ business survival rate was almost double the national average, with 82 percent of businesses still in existence.<sup>80</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 Centre (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

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<sup>74</sup> Ficken, *phone interview*.

<sup>75</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>76</sup> Cedar Rapids Chamber, *First Business*; City of Cedar Rapids, *LOST*.

<sup>77</sup> Cedar Rapids Chamber, *First Business*.

<sup>78</sup> Neumann, *phone interview*.

<sup>79</sup> Cedar Rapids Chamber, *First Business*.

<sup>80</sup> Ibid.

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>81</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>82</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>83</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>84</sup>

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>85</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>86</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>87</sup>

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<sup>81</sup> Full, *phone interview*, June 28

<sup>82</sup> Cedar Rapids Chamber, *First Business*.

<sup>83</sup> Full, *phone interview*, June 22.

<sup>84</sup> Scott Swenson, *phone interview by author*, June 26, 2012.

<sup>85</sup> Full, *phone interview*, June 22.

<sup>86</sup> Cedar Rapids Chamber, *First Business*.

<sup>87</sup> Butterfield and Pratt, *phone interview*



## **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>88</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.

### **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>89</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>90</sup>

### **Developing Capacity for Economic Recovery and Redevelopment**

Another non-profit 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.

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<sup>88</sup> Neumann, *phone interview*.

<sup>89</sup> Ibid.

<sup>90</sup> Ibid.

## Advocating for Federal Assistance

When the disaster hit, there were “astronomical” costs of getting businesses back up and running.<sup>91</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>92</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>93</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>94</sup> The auditing process that businesses were required to go through to get federal 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>95</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>96</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>97</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>98</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>99</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>100</sup>

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<sup>91</sup> Merta, *phone interview*.

<sup>92</sup> Full, *phone interview*, June 28.

<sup>93</sup> Ibid.

<sup>94</sup> Neumann, *phone interview*.

<sup>95</sup> Full, *phone interview*, June 22.

<sup>96</sup> Cedar Rapids Chamber, *First Business*.

<sup>97</sup> Full, *phone interview*, June 22.

<sup>98</sup> Swenson, *phone interview*.

<sup>99</sup> Merta, *phone interview*.

<sup>100</sup> Full, *phone interview*, June 22.

## *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.

## 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>101</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>102</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 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.

<sup>101</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>102</sup> E-5 refers to hurricanes at the top of the Fujita Scale, with winds of 261 mph (420 km/h) or more.

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>103</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 Centre
- 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.

### *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 19th, 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.

<sup>103</sup> Long-Term Community Recovery Plan, Greensburg + Kiowa County Kansas (2007, August) Page 4.

## **Assisting Local Businesses with Financial and Technical Assistance Services**

### ***Establishing a Business Recovery Centre***

Immediately after the disaster, then-Governor Kathleen Sebelius established a Disaster Recovery Centre in a school gymnasium in nearby Haviland. A distinct Business Recovery Centre 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 Centre 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 Centre (KSBDC) 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 Provincial 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 Labour 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 Centre, 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 labour, 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, provincial 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- Charleston, SC after Hurricane Hugo (1989)<sup>104</sup>

### *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

<sup>104</sup> Copyright 2010 International Economic Development Council

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>105</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 neighbourhoods overall.

<sup>105</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>

## Summary

Prior to the storm, Charleston had been experiencing gentrification of its poorer neighbourhoods, 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-After 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. 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 became an increasingly important centre 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 labour 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 was 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 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 labour 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 Labour 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 labour 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 labour force in town, and eventually, with the improving infrastructure and available labour, 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 centre 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 that 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: Neighbourhood Revitalization Post-Disaster, Czech Village/New Bohemia

### *Community and Neighbourhood 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 neighbourhood and on the West bank is the Czech Village neighbourhood. 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.

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 neighbourhood 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.

### **Neighbourhood Recovery and Revitalization**

Recovery from a disaster for any neighbourhood is challenging, but recovery for a neighbourhood 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 neighbourhood. 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 neighbourhoods. 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 neighbourhood 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 Neighbourhoods*

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 neighbourhoods, prompting an exception to the rule.

### *Marketing Vacant Space and the Neighbourhood 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 neighbourhood.

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 neighbourhood 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 neighbourhood 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>106</sup>

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 neighbourhood 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 neighbourhood 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>107</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 neighbourhood to a thriving arts and cultural district.

<sup>106</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>

<sup>107</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.T0IrME9S.dpuf>

## Case Study 8: Beacon of Hope (BOH) Resource Centre

### *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 neighbourhood revitalization and recovery has emerged as a model of success. Beacon of Hope, since starting in one neighbourhood, is now operated in 25 neighbourhoods throughout New Orleans. Beacon of Hope (BOH) Resource Centre formed as a non-profit 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 neighbourhoods with the structure and skills needed to revitalize their own communities.

### **Residential Engagement as a Model for Success**

Beacon of Hope's model for neighbourhood 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 neighbourhoods, 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 neighbourhood 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 neighbourhoods and community together.

BOH started in one neighbourhood, Lakewood, but by the end of the year Beacon had established 8 neighbourhood Beacons, providing support to more than 7,000 households. This increase continued as neighbourhoods noticed critical mass being achieved in communities where BOH was involved. These struggling neighbourhoods would then seek out BOH to assist them in their neighborhoods' recovery. BOH rarely has sought out neighbourhoods since neighbourhoods would come to them by word of mouth. When a neighbourhood 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 neighbourhood association in the absence of one and implement the M.O.D.E.L.

### *The Need for a Strong Neighbourhood Association*

The first neighbourhood of Lakewood, which had a strong neighbourhood 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 neighbourhood association didn't exist in the neighbourhood, BOH would hold informational public events on recovery while simultaneously building the structure of a neighbourhood 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 neighbourhood 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 neighbourhoods through:

**Mapping:** collecting, mapping, and analyzing neighbourhood 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 neighbourhoods. This mapping differed from other condition surveys in that it engaged neighbourhood residents to conduct the survey and ensure the quality of responses. BOH would train and deploy a volunteer survey team, led by a survey captain, to go out and identify each parcel in the neighbourhood and the progress of redevelopment (vacant, slab-vacant, non-gutted, gutted, renovating, and recovered). The 2006 neighbourhood property condition surveys and maps were produced by hand, and results were discussed during community meetings to give residents an immediate picture of their neighborhoods' 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>107</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 neighbourhood associations. Neighbourhood 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 neighbourhood is a viable candidate for FEMA water mitigation measures. Commercial developers also use this data to track neighbourhood recovery as a basis for reinvestment, and have empowered residents through these community networks. The numbers could either attract businesses or resources depending on the need and how they were presented.

### *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 non-profit "Tech Soup".

### *Mapping*

The mapping of the neighbourhoods isn't the only tool Beacon uses to fight blight or redevelop a neighbourhood. 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 neighbourhoods along with spaces that served as green spaces before and need assistance in

<sup>107</sup> The Beacon of Hope Resource Centre Maps the "New" New Orleans (2010, Spring). *ArcNews Online*. Retrieved from <http://www.esri.com/news/arcnews/spring10articles/the-beacon-of-hope.html>

recovery. Identifying potential vacant lots next to each other, these green space volunteer teams report this to the neighbourhood 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 non-profits 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 neighbourhood 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 neighbourhood centres.

### **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 Centre empowers and trains residents to become advocates for their neighbourhoods. By mobilizing residents to facilitate their own recovery, they feel a sense of pride and ownership in their neighbourhood and can facilitate their individual community needs.

### **Leadership**

By working with neighbourhood 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 non-profit organizations and governmental agencies to address neighbourhood and citywide issues.

### **Summary**

BOH now operates 25 neighbourhood "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:

*"Neighbourhoods 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 neighbourhood 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. Neighbourhood residents are a viable tool in disaster recovery, and with a framework to help in recovering their own neighbourhood, 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- San Fernando Valley 1994 Northridge Earthquake<sup>109</sup>

### *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 epicentre 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 Centre, 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

<sup>109</sup> Copyright 2010 International Economic Development Council

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 neighbourhood 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 Centre,

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 Centre 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 Centre to serve as a business incubator, demonstration centre, and after-school centre 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 non-profit 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 centre 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 centre 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 U.S. 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 U.S. Economic Development Administration (EDA) and the U.S. 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 Centre
- Create the Centre 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, and 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 re-entry 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 U.S. 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 Centre for Emerging Technologies was created and funded by a grant from EDA. It was decided to locate the Centre for Emerging Technologies near the University of Missouri, St. Louis. The Centre for Emerging Technologies is now located within the CORTEX district, a life science community supporting young and mature life science ventures. Currently, the Centre 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 Centre opened in 1997 in the City of Chesterfield. South County Enterprise Centre was delayed in opening due to contamination on the site that needed to be addressed. In 2000, the South County Enterprise Centre opened.

Three other Enterprise Centres exist in St. Louis County. The Midtown Enterprise Centre 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 Centre 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 Centre 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 Centre and an incubator called the Helix Centre. The Helix Centre opened in 2004 and also used funds from a county bond. The Helix Centre 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 Centre 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 Centre 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 U.S. 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 Centre. This new park will be a three building initiative focused on the plant and life sciences. The Nidus Centre, a non-profit 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 Centre 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) Centre in Wellston, MO. This training centre 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 Centre was established through a partnership of public, private and non-profit organizations to train workers to enter in advanced manufacturing, biotech, healthcare and digital technologies. The centre 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 centre 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 Centre. 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 centre 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.

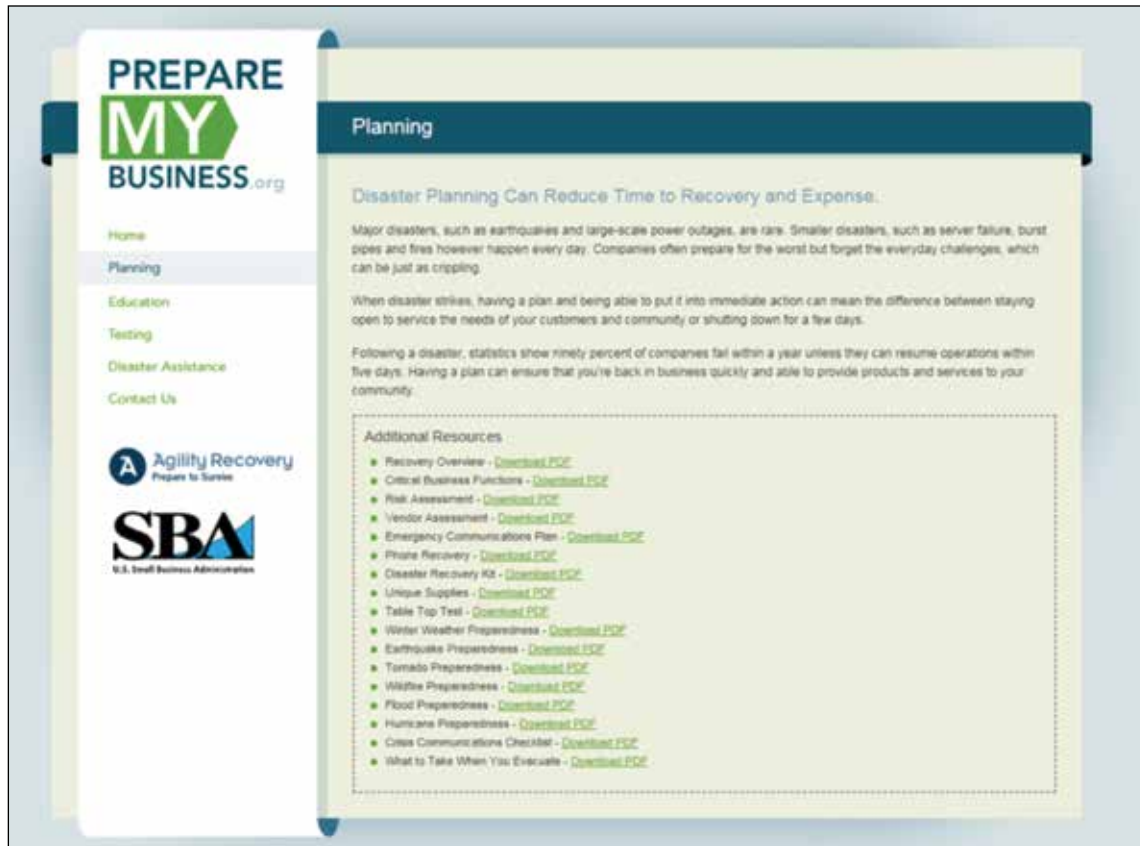
### Summary

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 centres' 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 Centre, 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.

## Resource Appendix

## Resource 1: [www.preparemybusiness.org](http://www.preparemybusiness.org)



## Resource 2: [www.restoreyoureconomy.org](http://www.restoreyoureconomy.org)



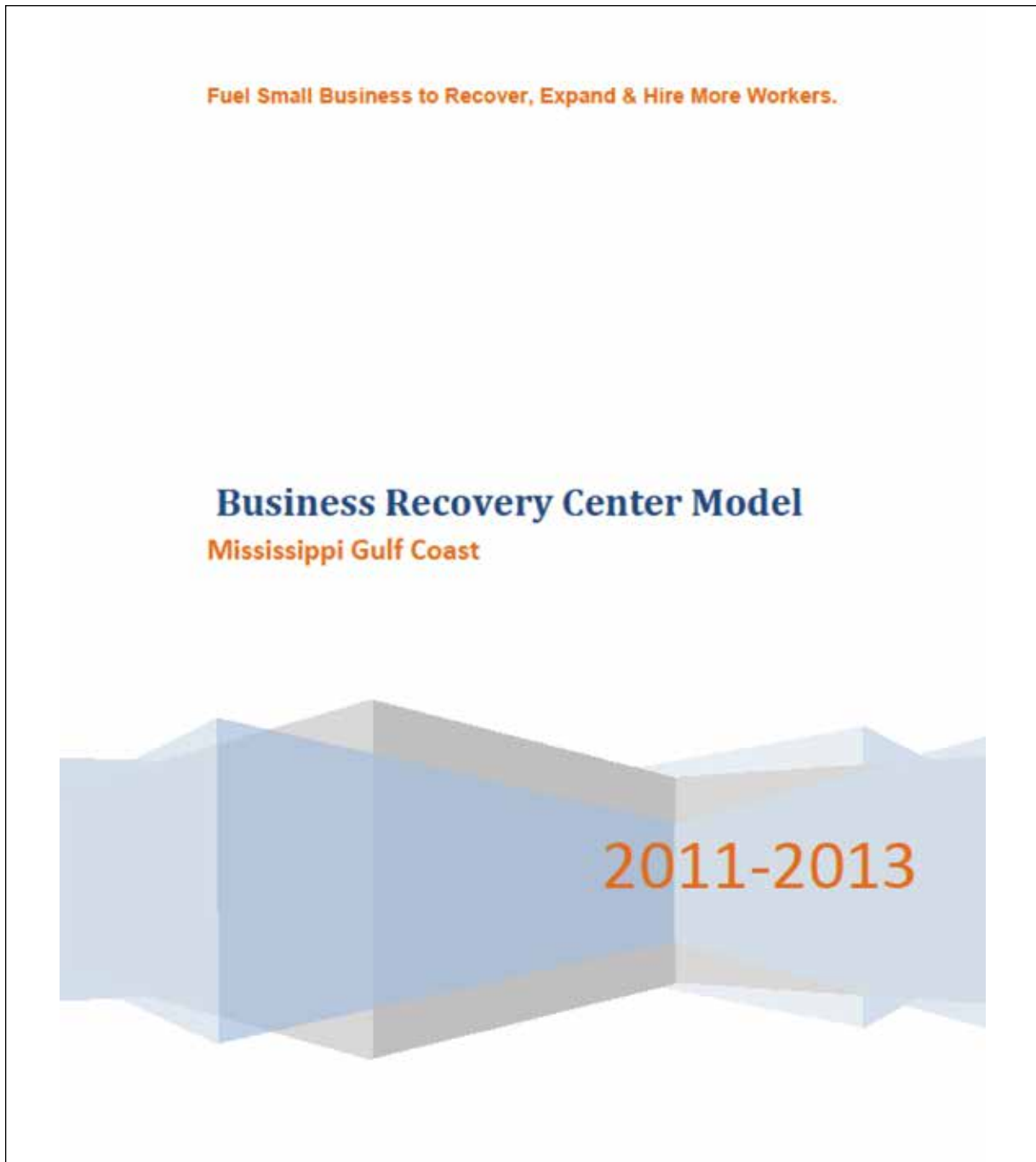
RestoreYourEconomy.org provides resources and best practice information for public and private stakeholders seeking to rebuild their local economies after a disaster as well as assisting the business community in preparing for a disaster.

It is a one-stop shop of disaster preparedness and post-disaster economic recovery resources, tools, event announcements as well as opportunities to connect with peers through social media groups. The site exposes readers to the critical issues

and challenges, highlights lessons learned in the response and recovery process, as well as suggests resources and best practices to use in restoring the local economy after a disaster. This includes articles, whitepapers, presentations, briefings, documents, website links, and other relevant resources to assist your community in the disaster preparedness or recovery process.



## Resource 3: Business Recovery Centre Model



Document available at:

<http://restoreyoureconomy.org/wp-content/uploads/2013/02/Model-for-Business-Recovery-Center.pdf>

## Resource 4: NYC Restoration Business Acceleration Team




The City of New York 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.

Valuable resources include restoration resources and a Restarter Guide.

Website: <http://www.nyc.gov/html/nbat/html/rbat/rbat.shtml>

## Resource 5: ExecutivePulse Disaster Survey



ECONOMIC DISASTER RECOVERY PROJECT

Disaster Questionnaire Survey

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**SURVEY INFORMATION**

Interview date\*

Interviewer 1\*

Interviewer 2

Company contact\*

Survey information notes

**DISASTER QUESTIONNAIRE**

I. Background\$QuestionHeader

What happened?

☐ Chemical/Oil spill

☐ Earthquake/Tsunami

☐ Fire/Forest fire

☐ Flood

☐ Hurricane

☐ Landslide

☐ Snowstorm

☐ Tornado

☐ Other

If Other, please explain

When did it happen?


How many employees did you have pre disaster?

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 ECONOMIC DISASTER RECOVERY PROJECT

Disaster Questionnaire Survey

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How many employees do you currently have?

\_\_\_\_\_

Generally, how has this disaster impacted your business? Tell us your story.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Did your business have an emergency response plan?

☐ Yes ☐ No

If Yes, did you use it?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Does your business have a Business Disaster Plan?

☐ Yes ☐ No

If Yes, did you use it?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What measures did your business take to assist with your employees personal recovery?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What critical work processes were impacted?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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ECONOMIC DISASTER RECOVERY PROJECT

## Disaster Questionnaire Survey

What were the quickest ones to recover?

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What took the longest to recover?

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Was your company's reputation enhanced, degraded or not impacted by the disaster?

☐ Enhanced ☐ Degraded ☐ Not Impacted

Please explain.

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### II. Impacts\$QuestionHeader

To your physical property

|                     | Impact level | Dollars | Percent of total |
|---------------------|--------------|---------|------------------|
| Site                | <hr/>        | <hr/>   | <hr/>            |
| Facility            | <hr/>        | <hr/>   | <hr/>            |
| Machinery/Equipment | <hr/>        | <hr/>   | <hr/>            |
| Raw materials       | <hr/>        | <hr/>   | <hr/>            |
| Contents            | <hr/>        | <hr/>   | <hr/>            |
| Other               | <hr/>        | <hr/>   | <hr/>            |



ECONOMIC DISASTER RECOVERY PROJECT

## Disaster Questionnaire Survey

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If Other, please explain

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

To your bottom line

|                   | Impact level | Dollars | Percent of total |
|-------------------|--------------|---------|------------------|
| Productivity loss | _____        | _____   | _____            |
| Sales loss        | _____        | _____   | _____            |
| Income loss       | _____        | _____   | _____            |
| Payroll loss      | _____        | _____   | _____            |
| Supplier loss     | _____        | _____   | _____            |
| Other             | _____        | _____   | _____            |

If Other, please explain

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

To municipal and related services

|                    | Impact level | Company name |
|--------------------|--------------|--------------|
| Electricity        | _____        | _____        |
| Gas                | _____        | _____        |
| Water              | _____        | _____        |
| Sewer              | _____        | _____        |
| Trash removal      | _____        | _____        |
| Cellular phone     | _____        | _____        |
| Landline phone     | _____        | _____        |
| Broadband/internet | _____        | _____        |
| Road transit       | _____        | _____        |
| Rail transit       | _____        | _____        |
| Air transit        | _____        | _____        |
| Water transit      | _____        | _____        |

III. Insurance\$QuestionHeader


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ECONOMIC DISASTER RECOVERY PROJECT

Disaster Questionnaire Survey

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Please tell us about your insurance policies.

Name of carrier

\_\_\_\_\_

Type of policy

☐ Property  
☐ Business interruption  
☐ Natural disaster  
☐ Business owner's policy  
☐ Worker's compensation

Name of representative

\_\_\_\_\_

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone number

\_\_\_\_\_

E-mail

\_\_\_\_\_

Have you notified this insurance carrier about the disaster?

☐ Yes ☐ No

If Yes, has this insurance carrier done an on-site assessment of the situation

☐ Yes ☐ No

IV. Government and disaster agency response

Please rate the following

Fair warning

☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

Evacuation

☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

Emergency shelter

☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

Trauma care

☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

General public security


☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

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ECONOMIC DISASTER RECOVERY PROJECT

Disaster Questionnaire Survey

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Security of property  
☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

Restoration of municipal services  
☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

Timely communication  
☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

Provincial/state business financing support  
☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

Federal financing support  
☐ Not applicable ☐ Poor ☐ Fair ☐ Good ☐ Excellent

Please provide any additional details


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## Resource 6: EDRP Emergency Communications Checklist




ECONOMIC DISASTER RECOVERY PROJECT


# EMERGENCY COMMUNICATIONS

*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.*

|                                     |   |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <b>Determine Roles and Responsibilities</b>                     |
| <input type="checkbox"/>            | Appoint primary decision maker/coordinator.                     |
| <input type="checkbox"/>            | Appoint back-up decision maker(s).                              |
| <input type="checkbox"/>            | Outline roles and responsibilities for additional participants. |
| <input checked="" type="checkbox"/> | <b>Determine Entities With Which You Communicate</b>            |
| <input type="checkbox"/>            | Employees   |
| <input type="checkbox"/>            | Stakeholders  |
| <input type="checkbox"/>            | Shareholders  |
| <input type="checkbox"/>            | Clients/Customers   |
| <input type="checkbox"/>            | Regulatory Agencies   |
| <input type="checkbox"/>            | Media   |
| <input type="checkbox"/>            | Other: _____  |
| <input checked="" type="checkbox"/> | <b>Document When to Activate Plan, Using Criteria Such As:</b>  |
| <input type="checkbox"/>            | Length of time of outage/interruption.                          |
| <input type="checkbox"/>            | Severity of interruption.                                       |
| <input type="checkbox"/>            | Percentage/Number of employees, departments impacted.           |
| <input type="checkbox"/>            | Prolonged loss of contact with clients and/or vendors.          |
| <input type="checkbox"/>            | Other: _____  |



Source: PrepareMyBusiness.org





ECONOMIC DISASTER RECOVERY PROJECT

## EMERGENCY COMMUNICATIONS

|                                     |  |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Determine, document and publicize an emergency communications plan:  |
| <input type="checkbox"/>            | Phone/email tree (include spouse/family information for employees).  |
| <input type="checkbox"/>            | Employee evacuation plan   |
| <input type="checkbox"/>            | Website emergency messaging system   |
| <input type="checkbox"/>            | Phone/Voice mail emergency messaging system  |
| <input type="checkbox"/>            | Plan for multiple forms of communication: text, email, voicemail, etc.   |
| <input checked="" type="checkbox"/> | Educate employees about the communications plan  |
| <input type="checkbox"/>            | Document in hardcopy and electronic formats.   |
| <input type="checkbox"/>            | Train current and new employees.   |
| <input type="checkbox"/>            | Remind employees about emergency communication plan, including pocket cards, fold-out cards, brochures and booklets. |
| <input type="checkbox"/>            | Update information regularly and re-educate employees.   |



Source: PrepareMyBusiness.org



## Resource 7: List of Federal Departments/Agencies- Economic Development Related Programs

**Business Link (The)** - The Business Link is a not-for-profit organization supported by the Government of Canada and the Government of Alberta that provides services and information to small and medium sized businesses in Alberta. <http://www.canadabusiness.ab.ca/>

**Community Futures** - Community Futures (CFs) funded by Western Diversification take a grassroots approach to community and economic development outside major cities. Each of the 90 CFs across Western Canada deliver a variety of services, ranging from strategic economic planning, technical and advisory services to businesses, loans to small and medium-sized businesses, self-employment assistance programs and services targeted to youth and entrepreneurs with disabilities. The Community Futures Alberta (CFA) is designed to support 27 Community Futures (CFs) in Alberta. [www.wd.gc.ca/eng/4897.asp](http://www.wd.gc.ca/eng/4897.asp)

**Economic Development Departments** - There are a number of other federally funded economic development organizations throughout Canada including:

- Western Economic Diversification Canada ([www.wd.gc.ca](http://www.wd.gc.ca))
- Canada Economic Development for Quebec Regions ([www.dec-ced.gc.ca](http://www.dec-ced.gc.ca))
- FedDev Ontario ([www.feddevontario.gc.ca](http://www.feddevontario.gc.ca))
- Canadian Northern Economic Development Agency ([www.cannor.gc.ca](http://www.cannor.gc.ca))
- Atlantic Canada Opportunities Agency ([www.acoa-apec.ca](http://www.acoa-apec.ca))

**Department of Foreign Affairs, Trade and Development Canada (DFATD)** - The mandate of Foreign Affairs, Trade and Development Canada is to manage Canada's diplomatic and consular relations, to encourage the country's international trade and to lead Canada's international development and humanitarian assistance. This includes:

- Ensuring that Canada's foreign policy reflects true Canadian values and advances Canada's national interests;
- Strengthening rules-based trading arrangements and expanding free and fair market access at bilateral, regional and global levels;
- Working with a range of partners inside and outside government to achieve increased economic opportunity and enhanced security for Canada and for Canadians at home and abroad;
- Managing Canada's support and resources effectively and accountably to achieve meaningful, sustainable international development and humanitarian results;
- Engaging in policy development in Canada and internationally, enabling Canada's effort to realize its international development and humanitarian objectives.

Government of Canada has trade promotion officials through DFATD throughout the world. [www.international.gc.ca](http://www.international.gc.ca).

## Resource 8: Personal Emergency Preparedness

**BE READY**

January 2014  
ISBN 978-1-55104-600-6

**Be Ready**  
Disasters can happen any time, anywhere. You and your family can be ready by following these three simple steps: know the risks, make a plan, and get a kit. You should be prepared to take care of yourself and your family for at least 72 hours following a disaster.

**Step 1: Know the risks**  
Find out what types of disasters are most likely to happen in your community. Disasters that commonly affect Canadians include floods, power outages, forest fires, tornadoes, hurricanes, and many more. To find out more about the risks where you live:

- Call your local municipality and ask what types of risks are common in your area
- Visit the 'Know the risks' section at [redcross.ca/ready](http://redcross.ca/ready)

**Step 2: Make a plan**  
Your emergency plan will help you and your family know what to do in the event of a disaster or emergency, and it only takes 20 minutes. Here are some things to think about when making your plan:

- The best ways to evacuate from inside your home in case of an emergency, like a house fire
- The location of your emergency kit and water supply
- A safe place for your family to meet if you are not together when the emergency happens
- An out-of-town contact person for each family member to call or e-mail in case of an emergency
- A plan for any family members with special needs
- A plan for evacuating your pets
- Visit the 'Make a plan' section at [redcross.ca/ready](http://redcross.ca/ready)

In addition you should practice your evacuation plan frequently and find out your community's evacuation plan.

**Step 3: Get a kit**  
Your disaster preparedness kit should be able to sustain you and your family for 72 hours following a disaster or an emergency.

You can make your own kit, or you can buy a disaster preparedness kit through the Canadian Red Cross. Please visit [shop.redcross.ca](http://shop.redcross.ca) for more details.

To make your own kit, you need:

- A sturdy and easy-to-carry bag, like a backpack
- **Water:** Store two litres of drinking water and two litres of water for washing per person, per day. Don't forget about your pets!
- **Food:** Store at least a 72 hour supply of non-perishable food for each person. Include food for your pets
- Manual can opener
- Crank or battery-operated flashlight, with extra batteries
- Crank or battery-operated radio, with extra batteries
- Extra keys, for house and car
- First aid kit
- Cash in small bills
- Special needs items (medications, infant formula)
- Personal hygiene items
- Important family documents (copies of birth and marriage certificates, passports, licences, wills, insurance)
- Copy of your emergency plan

**BE READY**



## Resource 9: Community and Economic Development Funding Programs & Resources

Federation of Canadian Municipalities has a Disaster Management and Reconstruction initiative. For more information [www.fcm.ca](http://www.fcm.ca).

All Provincial and Federal government organizations, (except the Alberta Competitiveness Council) that support entrepreneurs and CED have different funding programs and resources for CED including but not limited to:

- Alberta Agriculture and Rural Development (ARD);
- Agriculture and Agri-Food Canada (AAFC);
- Alberta Innovates;
- Tourism Business Development, Research and Investment Branch;
- Aboriginal Affairs and Northern Development Canada (AAND); and
- Culture and Community Services (CCS).

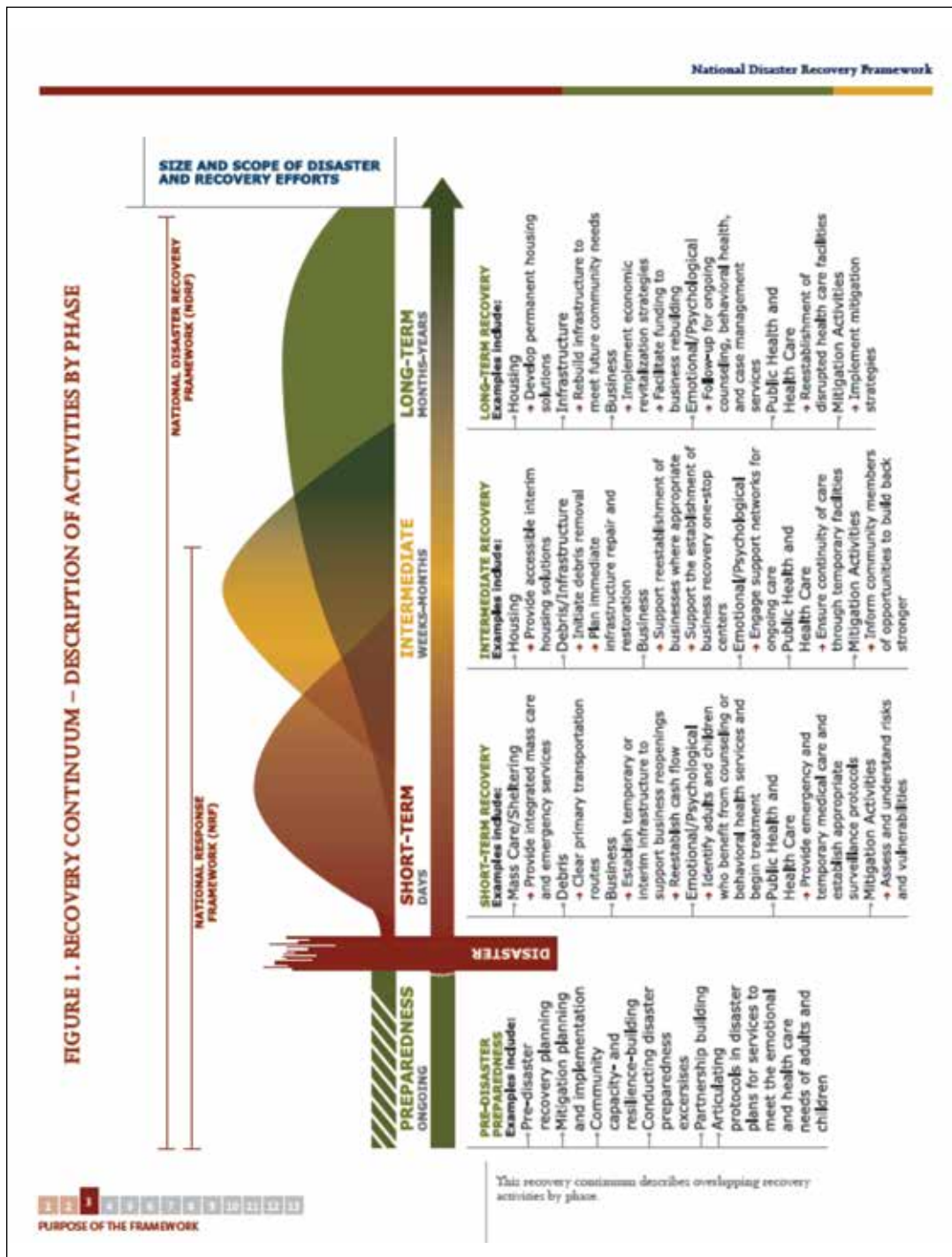
Alberta Innovation and Advanced Education provides a comprehensive list of provincial, federal and other organizations that support CED through funding programs.

<http://www.iae.alberta.ca/media/324115/funding-programs-community-regional-economic-development.pdf>

### Funding Aboriginal Economic Development Projects:

|  |  |
|--|--|
| Aboriginal Affairs and Northern Development Canada (AANDC) | <p>In support of its mandate and responsibilities, Aboriginal Affairs and Northern Development Canada (AANDC) provides funding for programs, services and initiatives to First Nation, Inuit and Northern communities, government and individuals as well as to Aboriginal and Métis organizations.</p> <p><a href="http://www.aadnc-aandc.gc.ca/eng/1100100014444">http://www.aadnc-aandc.gc.ca/eng/1100100014444</a></p> <p>Professional and Institutional Development Program - The Professional and Institutional Development Program is a proposal-based program which funds governance capacity development projects. Each Region of Aboriginal Affairs and Northern Development Canada has an independent budget for the Professional and Institutional Development Program, for use in funding projects that will benefit the governance capacity of First Nations and Inuit communities in that Region. <a href="http://www.aadnc-aandc.gc.ca/eng/1100100013815">http://www.aadnc-aandc.gc.ca/eng/1100100013815</a></p> |
| Aboriginal Business Development Fund                       | The Aboriginal Business Development Fund provides capital to start up, expand and modernize Aboriginal businesses in Atlantic Canada.  |
| Aboriginal Funding Tool                                    | <p>The Aboriginal Funding Tool through the Aboriginal Canada Portal is an interactive tool that will help you find different types of funding available, specifically for Aboriginal peoples in Canada.</p> <p><a href="http://www.aboriginalcanada.gc.ca/acp/site.nsf/eng/funding.html">http://www.aboriginalcanada.gc.ca/acp/site.nsf/eng/funding.html</a></p>   |

## Resource 10: FEMA National Disaster Recovery Framework Recovery Continuum- Description of Activities By Phase







ECONOMIC DISASTER RECOVERY PROJECT

The Economic Disaster  
Recovery Project (EDRP)

c/o Economic Developers Alberta  
Suite 127, #406, 917-85 St. SW  
Calgary, AB T3H 5Z9

[www.edaalberta.ca](http://www.edaalberta.ca)