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ECONOMIC DEVELOPMENT
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The Power of
Knowledge and Leadership

International Economic Development Council

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International Economic Development Council

The International Economic Development Council (IEDC) is the world's largest membership organization serving the economic development profession with nearly 5,000 members and a network of over 35,000 economic development professionals and allies. From public to private, rural to urban, and local to international, our members represent the entire range of economic development experience. Through a range of services including conferences, training courses, webinars, publications, research, and technical assistance efforts we strive to provide practical economic development advice and solutions to the economic development community and its stakeholders.

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

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Contents

1

Introduction

Chapter 1: Introduction

Economic developers serve as a vital bridge between the business community and the greater economic interests in their communities. Many local, regional, and state governments turn to their publicly or privately funded economic development organizations (EDOs)[1] to be the economic leaders, "deal makers", and visionaries for attracting new investment and supporting existing businesses. In these roles, EDOs are called to action when a natural or man-made disaster impacts businesses. This role was especially highlighted during the Covid-19 pandemic when economic developers were called upon to help businesses navigate an entirely new business environment.

With so much at stake, EDOs must build the capacity to serve their communities by leading resiliency and economic recovery efforts before and after disasters. This Toolkit, and the accompanying Workbook, are intended to support this effort.

Whether the risk posed to a community is environmental (e.g., earthquakes, hurricanes, floods, tornados, fires), man-made (e.g., crime, chemical spills, industrial accidents), a public health crisis (e.g., the COVID-19 pandemic), or economic (e.g., decline or closure of a major business or industry, military base realignment or closure, etc.), every community is vulnerable to disruptions at one time or another. These disruptions can not only wreak physical damage to infrastructure and property, but they can cause lasting economic decline.

In disaster-affected communities, EDOs are in a position to lead economic recovery efforts by helping local businesses respond to impacts on their employees, facilities, customers, and supply networks. However, economic recovery efforts often end up becoming reactionary activities rather than a planned and strategic response. The key to more rapid and sustainable recovery is to take steps ahead of time to ensure your organization can fulfill the needs of the community after any type of major incident. This Toolkit will help EDOs to set up a plan of action to build resilience within their communities.

This chapter provides an overview of the potential economic impacts of a disaster and reviews how economic development practitioners can prepare for recovery. It discusses critical disaster preparedness efforts, and how even the smallest of actions can better position a community to respond and shorten its recovery timeline. Finally, the chapter reviews essential initiatives to spur recovery in a local economy, including the development and implementation of a recovery plan, and efforts to communicate with and retain local businesses after a disaster occurs.

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1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

Covid-19

This Toolkit reflects IEDC's 15 years of experience working in communities after disasters, beginning after Hurricane Katrina. It was first published in 2015 and has become an essential resource for economic developers and community leaders. In 2020, economic developers everywhere faced a disaster of massive proportion, the Covid-19 pandemic. Thus, this updated version of the Toolkit has been re-written to incorporate the most recent findings on disaster resilience and recovery, including lessons learned from the pandemic. *Chapter 13 Disaster Recommendations Through a Pandemic Lens* looks specifically at the impact of the pandemic and strategies for preparedness, mitigation, and recovery.

Economic Development Challenges and Issues with Disasters

All too often, EDOs are thrust into uncharted waters after an incident impacts their community. They are overwhelmed with late-night calls, and emails from local officials or their colleagues with questions and requests. In the midst of all this, they must manage the consequences of how the incident is impacting their own organizations and staff. While first responders are tasked with rescuing the injured and restoring lifeline infrastructures (e.g., water, power, communications, and transportation), EDOs and local officials are often positioned to lead the rebuilding process for the business community. Below are several common issues that economic developers face after a disaster.

- Communication outages and challenges
- Organizational capacity issues
- Assessing the damage to businesses and economy
- Retention of businesses from large to small
- Specific challenges for small businesses
- Navigating the federal system
- Lack of planning in advance
- Spurring redevelopment

Communication Challenges and Outages

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

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

- **Technological failure** – Physical damage to infrastructure can cause temporary communication outages and make previously accessible areas silent until telephone lines and cell phone service are restored. Communication can be further impeded when buildings become inaccessible or destroyed causing contact information to unexpectedly change.
- **Message failure** –It can be difficult to craft and disseminate accurate and effective disaster updates. Conflicting, confusing, or inaccurate information reported by word-of-mouth, social media, or even mainstream media can exacerbate existing recovery challenges.
- **Flow failure** – There can be failures in how business-sector problems are communicated "upward" to decision-makers and/or how restoration, or recovery planning information is communicated "downward" to the business community. EDOs can devise a communications strategy ahead of time to address these problems. *Chapter 7, Crisis Communications* covers communication strategies for EDOs.

Perhaps the most important role of a proactive communications effort is to introduce credible and accurate information. Uncertainty can hinder recovery efforts-- rumors and information gaps concerning how a downtown corridor will be rebuilt and protected, whether or not a major employer will leave town, and when key infrastructure assets will be restored can stymie rebuilding and reduce interest in investing in a community, for example. Communication strategies can equip the business community with the right information as they are making critical decisions. *Chapter 7, Crisis Communications* in this Toolkit highlights the issues and recommends strategies that should be considered by EDOs.

Organizational Capacity Issues

In the wake of a disaster, new realities emerge and a host of opportunities and challenges present themselves. Local officials are often strained to understand what resources are now available to them, how existing resources can be adjusted, and how to manage new administrative requirements. Added to this is the threat of reduced tax revenues. Business closures and other impacts can result in decreased cash flows for local governments, which can further constrain already struggling organizations in their responsiveness to demands for local leadership and engagement. Small jurisdictions are particularly vulnerable to basic operational challenges that stem from limited staff and budgets. *Chapter 2, Disaster Risk Management*, and *Chapter 3, Disaster Preparation* cover how economic developers fit into the federal response, and how they can prepare in advance.

Understanding the federal government's framework for disaster management can help economic developers focus their efforts. EDO leaders should become familiar with the National Disaster Recovery Framework, and the Recovery Support Functions, particularly the Economic Recovery Support Function, which is led by the Economic Development Administration during a major disaster. *Chapter 2, Disaster Risk Management* outlines these frameworks, as well as the Stafford Act, which facilitates federal aid after disaster.

When it comes to recovering from a disaster, the saying "an ounce of preparation is worth a pound of cure" is true. Disaster preparation should occur both within the organization, and with partners, including the public, private and nonprofit sectors. This includes organizational continuity planning as well as forming an economic recovery team and examining existing emergency plans to understand and influence how they will impact the economy. *Chapter 3, Disaster Preparation* provides more insight into these activities.

Assessing the Damage to Businesses and Economy

Disasters can fundamentally change the social and economic makeup of communities. A community that clearly understands the effect a disaster can have on its economic assets, local businesses, workforce, and infrastructure systems is better positioned to make decisions that will spur recovery. A thoughtful assessment of both physical damage (properties, inventory, etc.) and economic damage will help regions and localities determine what resources are necessary for long-term recovery. *Chapter 6, Assessing Economic Impacts*, provides an overview of what is included in an economic assessment. The data from these assessments can sometimes inform the damage and needs assessments that federal agencies such as FEMA perform. Data is a powerful tool for local officials in advancing recovery efforts. Data tools can be used to predict the impacts recovery efforts will have on businesses and workforce, and can also help identify priorities for post-disaster recovery assistance. In some cases, this information can be leveraged to bring additional outside assistance to the community.

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

- Tax revenue loss (e.g., sales, property, employment, etc.)
- Job loss and business relocation
- Loss of wages
- Business closures and interruption (e.g., loss of productivity)
- Damage to infrastructure (e.g., sewers, public transportation infrastructure,

intermodal facilities, etc.)
- Damage to property (e.g., commercial, industrial, and residential)
- Damage to natural resources (e.g., water and crops)

Retention of Businesses from Large to Small

Some FEMA reports suggest that 25 percent of businesses will fail within one year of a disaster.[2] Many factors contribute to this, including a lack of working and long-term capital, being uninsured or under-insured (or experiencing extensive wait times for insurance claims), 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 closures can have devastating impacts on the local economy and the community's recovery, causing 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 business retention and expansion (BRE) program will supply information about a community's current business climate. *Chapter 5, Business Retention and Expansion* outlines how to conduct outreach efforts both before and after a disaster. Integrating resilience into existing BRE efforts will help guide preparedness activities. BRE surveys following a disaster will help determine which critical businesses have been impacted, the aggregate damage to the local business community, and where public and private resources can play a role in business recovery efforts. This outreach can be critical in retaining businesses and employment.

As the first step after a major disaster, an EDO should consider establishing a business recovery center to help local companies get the assistance they need to re-open or stay open. A business recovery center (BRC) serves as a one-stop shop to provide local, state, and federal resources to businesses after a catastrophic event. Case management is another service approach that provides businesses with financial and technical assistance on their own turf. EDOs can provide other services to affected businesses, such as holding workshops with representatives from various federal agencies (e.g., the Internal Revenue Service, Small Business Administration, and U.S. Department of Agriculture) combined with local resources, such as tax and accounting professionals. These ideas are discussed in greater detail in *Chapter 4, Small Business Assistance*.

2 Stay in Business After a Disaster by Planning Ahead, FEMA, October 30, 2018.

Specific Challenges for Small Businesses

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 must be provided quickly, to get the business back up and running. *Chapter 4, Small Business Assistance* also covers financial assistance for small businesses after a disaster.

As long-term recovery sets in, a small or medium-sized business may have to adjust to a changing local or regional market, reorient its product or service, train its workforce with new skills, find new customers, and seek out new vendors. Hence, short and long-term financing mechanisms need to adapt to the specific and timely needs of businesses.

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

Another role for EDOs is to help establish a revolving loan fund (RLF) with federal funding, such as an Economic Development Administration grant or a Community Development Block Grant (CBDG) from the US Department of Housing and Urban Development (HUD). The EDO should not seek to replace private financial sources but should serve businesses that cannot access traditional sources of financing.

Navigating the Federal System

The federal government is a significant resource for information and funding relating to disaster preparedness and post-disaster economic recovery. However, local economic recovery stakeholders often find that navigating the range of federal programs can be difficult. While the National Disaster Recovery Framework (NDRF) helps coordinate efforts among various federal agencies, there is still a need for the local community, in partnership with state representatives, to take initiative in collaborating with federal partners.

Even before a disaster strikes, local leaders should build relationships with federal agency representatives that have jurisdiction within their region. Post-disaster, it is important for local leaders to share information about their communities' economic impacts with federal agencies, and to work with these agencies to find flexible options that address their specific needs. Exceptions and waivers for federal disaster programs have played a significant role in bringing flexibility to respond to unique recovery challenges and fund important projects.

Lack of Planning in Advance

Advance planning is key to developing the capacity to respond to and recover from a disaster. Economic development professionals play a unique role in coordinating and leveraging resources to match their community's economic development needs, meaning they are well-suited to lead the formation of disaster recovery planning committees. These committees can be involved in reviewing existing plans to integrate resilience and recovery or may contribute to the development of new plans. Some plans, such as Comprehensive Economic Development Strategies (CEDS) specifically call for resiliency to be integrated into economic development goals. Other plans are driven by specific needs of the local economy – such as plans focused on a single industry or group of businesses. In each case, economic development leaders should be incorporating resilience and recovery into these plans.

Several chapters in this toolkit address the topic of planning: *Chapter 9 Strategic Planning, Chapter 10 Infrastructure,* and *Chapter 12, Economic Diversification. Chapter 9, Strategic Planning*, covers the multi-step planning process which can be used both pre-and post-disaster. *Chapter 10, Infrastructure*, discusses the specific considerations of infrastructure planning, including federal resources and funding mechanisms to implement a stronger physical system. *Chapter 12, Economic Diversification*, reviews the collaborative process of cluster-based diversification efforts.

Redevelopment

Engaging business leaders and other community stakeholders in discussions about land-use planning and redevelopment activities, before a disaster, increases their familiarity with these topics which may take on increased importance following a disaster. This may include holding workshops to develop a redevelopment plan to protect and improve the community's economic base while increasing disaster resiliency.

Community and business leaders should also be involved in discussions regarding appropriate building codes for their communities. Building codes may have a short-term impact of increasing construction costs, but they also create long-term benefits by making buildings more resilient to disasters. For more information and resources on disaster planning for redevelopment, see *Chapter 11, Neighborhood Revitalization*.

Role of EDOs and Chambers Following a Disaster

Economic developers are well-positioned to facilitate economic recovery initiatives after a disaster. The community may look to EDOs to lead the charge for local economic recovery whether an organization plans for this role or not. The illustration on the next page describes the various roles of economic developers in a normal environment as compared to the potential for additional responsibilities in the event of a disaster.[3] The activities and services provided by each organization depend upon the unique needs of each community. After a catastrophic event, much of this work will be done in an environment of emotional and physical distress.

3 The roles are excerpted from the Introduction to Economic Development Manual, IEDC, 2016.

How the Roles of EDOs Are Impacted by Disaster		
	Normal Roles	Roles in a Disaster
Analyst/ Educator	• Understands strengths, weaknesses, and comparative advantages of the local economy and local business climate. • Provides quantitative and qualitative information to decision-makers. • Keeps public officials and the general public adequately informed on the costs and benefits of economic development initiatives.	*Before a Disaster* • Seeks to understand vulnerabilities and risks to critical industries and businesses within the community. *After a Disaster* • Develops and distributes a disaster business recovery guide and assesses physical damage and business interruption impacts to industries and businesses. • 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. • Assesses economic impacts or hires appropriate entity to inform economic analysis of disaster impact.
Visionary / Catalyst	• Serves as a 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.	*Before a Disaster* • 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.	After a Disaster • With economic recovery group, envisions how the community can build back to be stronger and more resilient.
	• Provides incentives to leverage the investment or involvement of different public and private actors.	*After a Disaster* • Creates a strategic plan for economic recovery embraced by community.
	• Invokes enthusiasm and excitement for catalyst projects that can change the community’s future.	*After a Disaster* • Connects public/private resources for building back better.

Gap Filler	• Provides assistance where the private sector cannot or will not meet community and business needs.	*After a Disaster* • Conducts concerted BRE outreach to reconnect with businesses and identify at-risk companies.
	• Leverages financing to facilitate enterprise development; assists existing businesses with expansion and works to attract new businesses.	• Assists with short- and long-term financing and business counseling, particularly for small and at-risk businesses and develops programs to support long-term recovery
Connector / Advocate	• 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.	*Before a Disaster* • Seeks funding opportunities and garners input and support for recovery initiatives. *After a Disaster* • 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.	*Before a Disaster* • Advocates mitigation and preparedness efforts among businesses for the possible next disaster.
	• Coordinates activities, communication, and resources between different actors to facilitate business partnerships.	*After a Disaster* • Communicates local economic priorities and needs for policy changes to local, state and federal governments.

Summary

EDOs need to be prepared for economic disruptions, from natural disasters to global economic shocks. This chapter has introduced key issues that will be addressed later in this Toolkit, highlighting how EDOs can play a leadership role in both disaster preparedness and the economic recovery process. Disaster preparation builds community resilience, helping to mitigate disaster impacts and enabling stakeholders to make informed decisions throughout the recovery process.

2

Disaster Management

Chapter 2: Disaster Management

Trends and Impacts

The number of presidentially declared disasters in the United States has increased dramatically over the last 50 years, and even more so over the last 20 years. The National Oceanic and Atmospheric Administration (NOAA) reported that between 2000-2009, there was an annual average of 6.3 weather or climate disaster-related events associated with $54.7 billion in annual costs. Between 2010-2019, the annual average increased to 12.3 events and $85.8 billion in annual costs. In 2021 alone, there have been 18 events that constituted a cost of more than $1 billion in damage per event.[1]

The upward trend in frequency of disaster events is accelerated by the effects of climate change. This has been recognized by EDA with the incorporation of response to the climate crisis into its **investment priorities**. Some states and regions that were not previously at risk are now being impacted due to changing weather patterns (e.g., flooding expanding to inland areas and wildfire covering expanded acreage). As a result, many federal agencies have changed and expanded their policies. For example, EDA now requires that all grant applicants proposing infrastructure projects consider the impacts of climate change in their project design.

When it comes to the different functions of disaster risk management, various stakeholders at the local, state, and federal levels each have a role to play. The role of these stakeholders will typically scale up from locally driven decision making, with immediate concerns about public safety being the priority for local officials, with the increased involvement of state and federal agencies as the size and complexity of the incident grows.

There is no one-size-fits-all approach when it comes to local, state, and federal involvement in disaster management. In many areas, the region or locality's Emergency Management Office leads the organization of these efforts. However, some states are establishing broader recovery and resiliency functions, especially states that have a history and ongoing threat of natural disasters. The extent to which community and economic development departments play a bigger role also varies by state and local jurisdiction and may differ according to the makeup of a given area's economic development ecosystem.

In addition to the roles of the public sector, there is also a significant need for economic developers in both the private and non-profit sectors to engage in disaster risk management. There is an inextricable link between the consequences of disasters, the vitality of the local economy, and the opportunities for future business activity. When businesses are negatively affected, jobs are lost and government revenues decline. The impact of these losses can affect communities long after the disaster itself ends. This chapter provides an overview of disaster trends, types, and impacts; the phases of the recovery process; and insights into the roles of various parties at the local, state, and federal levels and their private and non-profit sector partners.

1 **Billion-Dollar Weather and Climate Disasters**, National Oceanic and Atmospheric Administration, 2021

Statistics on economic costs in 2020 and 2021 shed further light on the economic impact of disasters:

- In 2020 alone, private insurers paid over $76 billion for damages from hurricanes and wildfires.
- This represents a 40 percent increase from the $59 billion paid in 2019 and nearly 10 times more than the $7 billion in costs due to man-made disasters.[2]
- A November 2020 study reported that business closures and partial re-openings due to the Covid-19 pandemic could result in a loss to US real GDP ranging from $3.2 trillion to $4.8 trillion by end of FY 2022.[3]
- As of February 2021, the Institute of International Finance has reported an added $24 trillion dollars to global debt, attributing half to government spending and the rest as a combination of lost business revenue and unemployment due to the Covid-19 pandemic.[4]

Types of Disasters and Their Impacts

Disasters can take many different forms and their durations can range from hours or days to weeks or months of ongoing destruction. Questions for economic development organizations (EDOs)[5] to consider about risks from disasters include:[6]

- What businesses, industries, and areas of the community are at physical and economic risk due to previous, recurring, and projected disasters?
- What businesses, industries, and areas of the community are at physical and economic risk due to long-term changes in weather patterns and related trends?
- What workers (as a result of their sector, location and other factors) are at physical and economic risk due to previous, recurring, and projected disasters?
- How do physical and economic risks affect the community's competitiveness to attract or retain particular industries?
- How do physical and economic risks affect the community's business climate and economic competitiveness as a whole?
- Are the relevant governments paying attention to these issues, and is your EDO familiar with any relevant plans? If not, what can the EDO do to encourage action?

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2 **Natural Disasters cost insurance industry $76 billion in 2020 – Swiss Re**, Reuters, Dec. 2020

3 **Business closures and partial re-openings due to COVID-19 could cost the U.S. trillions**, USC News, Nov. 2020

4 As of February 2021, the Institute of International Finance has reported an added $24 trillion dollars to global debt, attributing half to government spending and the rest as a combination of lost business revenue and unemployment due to the Covid-19 pandemic

5 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

6 **Economic Development in a Changing Climate: Minimizing Risks and Maximizing Opportunities**, IEDC 2021

Many resources are available (online, or through universities, state offices, and other institutions or consultants with expertise) that can help EDOs think through these questions. Useful resources include FEMA's **Long-Term Community Resilience Exercise Resource Guide** and **National Risk Index for Natural Disasters**, the US Fire Administration's **National Emergency Training Library**, various **EDA programs**, and the **Risk Assessment Table** from Ready.gov.

Below is a discussion of the different types of disasters — natural, man-made or technological, and public health/pandemic — that can impact a community.

Natural Disasters

Hurricanes & Tropical Storms

Floods & Flash Floods

Thunderstorms & Lighting

Tornadoes

Wildfires

Agricultural Diseases

Earthquakes & Sinkholes

Drought & Water Shortage

Extreme Heat

Winter & Ice Storms

Recent years have seen an increase in the number and severity of natural disasters. Hurricanes and tropical storms are among the most powerful natural disasters because of their size and destructive potential. Hurricanes can range in severity from Category 1 (sustained winds 74-95 mph) to Category 5 (157 mph or higher). Tornadoes are relatively brief but violent events, ranging in severity from F0 (winds from 40 mph) to F5 (winds from 260 to 318 mph). Flooding is the most common natural hazard and can occur in any U.S. state and territory. The casualties of flooding tend to be higher than in tornadoes, hurricanes, or earthquakes.

Communities are more vulnerable to wildfires in the event of extreme dry weather conditions or a drought, with annual fire seasons affecting primarily the western United States. Wildfires, like other types of natural disasters are increasing in frequency and magnitude. For example, the 2018 wildfire season in California recorded the largest fire in acres burned, property loss and fatalities in the state's history. Fires in recent years have burned outside the boundaries of the typical fire season throughout California, Arizona, New Mexico, Tennessee, and New Jersey, including even in the winter months.[7]

States can assess risks from natural disasters in their communities using a new mapping tool from the **National Centers for Environmental Information**.[8]

7 **Wildfires in all Seasons?**, United States Department of Agriculture

8 **Disaster and Risk Mapping**, National Centers for Environmental Information, National Oceanic and Atmospheric Administration

Man-made and Technological Disasters

Fraud & Theft | Environmental Health Issues | Civil Unrest | Terrorism | Radiological Emergencies

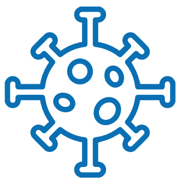
Sometimes, disasters are caused by human behavior. These man-made disasters can be due to neglect or accident, malicious intent, or they are the result of exogenous structural forces. The latter may include economic disruptions.

Hazardous materials and chemical emergencies can be associated with spill and groundwater contamination. This leads to short and long-term public health and economic consequences for residents and communities. Workplace fires are more common and can cause both significant property damage and loss of life. Power disruptions can be associated with technological failure or be the byproducts of natural disasters, such as hurricanes or ice storms.

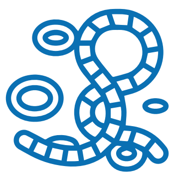
Communities are also vulnerable to threats by individuals and extremist groups who use violence against people and property. High-risk targets include military and civilian government facilities, international airports, large cities, and high-profile landmarks. Cyber-terrorism involves attacks against computers and networks conducted to intimidate or coerce a government or its people for political or social objectives. Disasters also include what might be more often categorized as economic setbacks or downturns, such as the closure of a major employer or shifts in the economy to move industry away from a community.

Man-made disasters can come both suddenly and gradually over time. The consequences on the local economy can be immediate, lasting, and complex. Fortunately, local, regional, and state officials can take actions that are applicable across a wide spectrum of potential hazards.

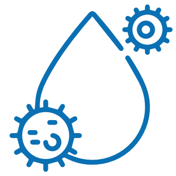
Public Health/Pandemics



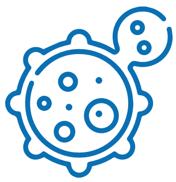
Influenza Type Virus
(SARS, H1N1, Avian Flu)



Airborne Viruses
(Ebola)



Other Viruses
(AIDS)



Diseases
(Acute cancers, particularly caused by environmental factors)

In recent years, public health and pandemic disasters have become more prevalent with the 2002-2004 SARS outbreak and Covid-19. In addition to causing devastating illness and death, pandemics place a significant burden on economic systems, both regionally and globally. The U.S. National Academies of Science, Engineering, and Medicine estimated that pandemics had amassed more than $6 trillion in cost to the global economy since 2001.[9]

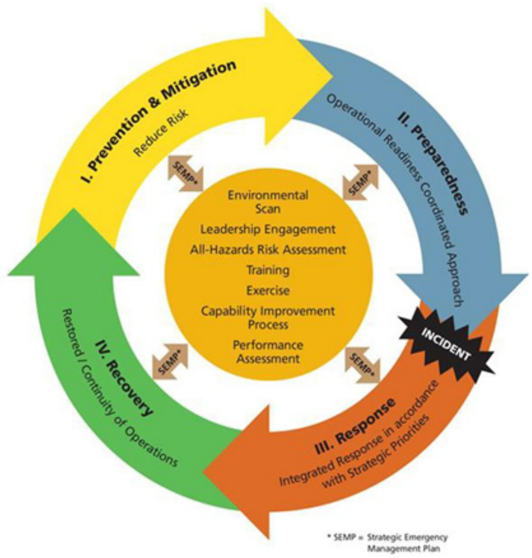
The impact on workforce capacity and availability is immediate. During pandemics, thousands of small businesses are forced to close their offices or narrow their hours for public safety. Since Covid-19's start in 2020, millions of employees have been furloughed or laid off. The pandemic may have lasting structural effects on the future of work. After the onset of the pandemic, there was an increase in the shift to telework and automation, and there was a 25% increase in the number of workers changing jobs.[10] Many workers also left their jobs, leading many to term this workforce trend "the great resignation."

With the number of global pandemics anticipated to continue over the next decade, planning for health emergencies is as important as planning for natural and man-made disasters. Economic developers can play a role in setting up options for circumstances where in-person business operations are not an accessible or safe option, with extra consideration for industries and employees whose work is not easily transferred to online/remote spaces. This is just one way that EDOs can help communities mitigate risks from pandemics, including the numerous ways they can assist businesses with continuity. For more information, see *Chapter 4, Small Business Assistance.*

9 Advancing the Global Health Security Agenda: CDC Achievements and Impact 2017, CDC, 2017
10 The future of work after Covid-19, McKinsey & Company, Feb 2021

Cyclical Phases of a Disaster

In 1979, the National Governor's Association described a four-phase model as shown in the figure below — the Strategic Emergency Management Plan (SEMP) — to help emergency managers prepare for and respond to disasters. These phases are: 1) prevention and mitigation; 2) preparedness; 3) response; and 4) recovery.[11]



Comprehensive Emergency Management:
A Governor's Guide, National Governor's Association Center for Policy Research, 1979.

FEMA also has a four-phase Emergency Management Cycle[12] using the same four phases. Many local governments, state governments, and research organizations utilize permutations of this four-phase model.

It is important to realize, however, that there is not always a strict sequence to these four phases and that many overlap (as the graphic shows), or occur concurrently. For example, actions taken in the early stages of response may have a direct and lasting impact on recovery. For this reason, many emergency managers recognize that recovery does not strictly follow response. Instead, recovery efforts may effectively start at "day zero" and operate in tandem with the response effort.

Prevention

The prevention phase includes ongoing vigilance on the part of communities and, when possible, concrete actions. While natural and public health disasters cannot always be predicted or prevented (and in fact, it may be very difficult to do so, e.g., in the case of some natural disasters such as an earthquake), maintaining communication with subject-matter experts who can help track trends can enhance readiness. When it comes to man-made emergencies, there may be more concrete steps and preventative measures that can be taken, such as the regulation of energy against hazardous waste pollution and cyber security protection.

11 Comprehensive Emergency Management: A Governor's Guide, National Governors' Association Center for Policy Research, 1979

12 **Emergency Management in the United States**, FEMA

Mitigation

The mitigation phase includes steps to reduce vulnerability to disaster impacts such as injuries, death, and property loss. This might involve changes in local building codes to fortify buildings, revised zoning, land use management, strengthening public infrastructure, and other efforts to make the community more resilient to a catastrophic event. For more information on mitigation, please visit the **FEMA Hazard Mitigation Planning** website.

Preparedness

The preparedness phase includes taking steps before a disaster to reduce the risks of negative impact on individuals, families, businesses, schools, and communities. Education, outreach, and training can build capacity for response and recovery. This may include business continuity training, pre-disaster strategic planning, employee preparedness initiatives, and other readiness activities. For more information on preparedness, please visit **FEMA's Ready** campaign.

Response

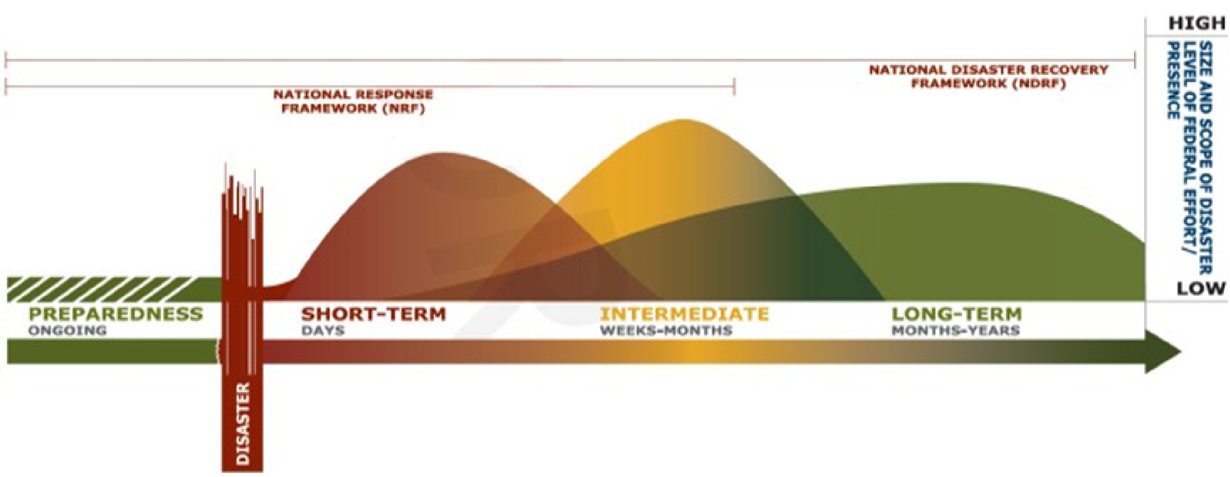
The response phase includes the effort to provide lifesaving and life-sustaining services in the face of immediate threats presented by a disaster. These actions include search and rescue, meeting humanitarian needs (food, shelter, clothing, public health, and safety), debris removal, damage assessments,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

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

Recovery

The recovery phase includes efforts to restore local economies through rebuilding or exploration of other strategies, including diversification. During recovery, the impacted region achieves a degree of physical, environmental, economic, and social stability. Individuals and businesses move from temporary to permanent homes, and businesses start to reopen while reconstruction of community infrastructure moves forward. It may also be the case that more comprehensive recovery strategies are considered during this time, like diversification and workforce training, if some industries have suffered or their vulnerability has been exposed. In this case, communities may think about bolstering other sectors.

The following provides an illustration depicting the trajectory of recovery from FEMA's National Response Framework (NRF)- its guide to how the nation responds to all types of disasters and emergencies - and its **FEMA's National Response Framework (NDRF)** which describes the concepts and principles that promote effective federal recovery assistance. The illustration depicts the recovery continuum with the following phases: Preparedness, which begins before the disaster and is ongoing, Short-Term Recovery, Intermediate Recovery, and Long-Term Recovery.



Source: **National Disaster Recovery Framework**, FEMA, 2016.

Under this model, there are three recovery periods. The short-term recovery period starts immediately following an incident and is defined as lasting days. However, we have learned that the duration of the short-term recovery following an incident depends on the severity and type of disaster. Pandemics, for example, follow a different arc with short-term recovery lasting longer than days because the impact occurs over a longer period.

Resources available in the short-term phase and beyond include individual assistance from **FEMA** and **Economic Industry Disaster Loans (EIDL)** from the Small Business Administration that allow businesses to quickly access money for immediate, essential needs like coverage of lost inventory or repair to essential equipment. For more federal resources, refer to *Chapter 8, Accessing Federal Resources* and *Chapter 4, Small Business Assistance.*

Under this model, the intermediate period occurs weeks to months following the event. During this phase, activities are undertaken to return essential government and commercial services, critical infrastructure, individuals, and families to a functional state. During this time, if a community has been declared a National Disaster Area by FEMA, additional resources become available, including **Community Development Block Grant (CDBG-DR)** and funds from the **Economic Development Administration (EDA)**. The third and most challenging phase is long-term recovery, redevelopment, and resilience. It can take years or decades for the community's economy to return to normal.

One more observation about the recovery trajectory of disasters that has emerged from the Covid-19 pandemic is that disasters may not follow a linear arc of short to medium to long-term recovery. They may be cyclical if, for example, the pandemic has a second wave. Then you might see another iteration of the phases.

The Federal Role in Disaster Recovery

Two types of disaster declarations authorize the President to provide supplemental federal disaster assistance: emergency declarations and major disaster declarations. The governor of the affected state initiates both types of declaration, per the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121-5207 (the Stafford Act) §401 (**Stafford Act.**)[13]

The Stafford Act states that, "All requests for a declaration by the President that a major disaster exists shall be made by the Governor of the affected State." In this language, the term "state" also includes U.S. territories - the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. The Republic of the Marshall Islands and the Federated States of Micronesia are also eligible to request a declaration and receive assistance through the Compacts of Free Association. Federally recognized tribal governments now also have the option of pursuing a declaration directly from the President due to the Sandy Recovery Improvement Act.

13 **How a Disaster Gets Declared**, FEMA, Sept. 2021

Emergency declarations by the President supplement state, territorial, and local or Indian tribal government efforts in providing emergency services, such as the protection of lives, property, public health, and safety, or to lessen or avert the threat of a catastrophe in any part of the United States. The emergency services may not exceed $5 million. Major disaster declarations unlock a greater number of resources. The President can declare a major disaster for any natural event, including any hurricane, fire, flood, or another event, regardless of cause, if the President determines the damage of such severity that state and local governments do not have sufficient capacity to respond. A major disaster declaration provides a wide range of federal assistance programs for individuals and public infrastructure, including funds for both emergency and permanent work through multiple different agencies (e.g., EDA and HUD).

The federal government's response to a local disaster includes:[14]

- Declare an emergency or major disaster declaration
- Identify federal programs that can effectively support recovery needs and make necessary adjustments to address recovery needs appropriately
- Ensure transparency and accountability of federal expenditures that aid disaster recovery
- Coordinate with the various state agencies and officials to ensure an understanding of how to avoid duplicate payments and whom to contact at the various federal agencies to answer related questions
- Deploy a Federal Coordinating Officer (FCO) and FDRO (Federal Disaster Recovery Officer)and activate Recovery Support Functions (RSFs)
- Support local, state, and tribal recovery planning and mitigation efforts through technical assistance, expertise, or other assistance as requested
- Coordinate federal recovery efforts with private and nonprofit organizations
- Develop, or refine existing metrics to evaluate recovery progress and the achievement of federal disaster recovery objectives

FEMA Deputy Administrator Richard Serino discusses FEMA's role in the recovery from the effects of Sub-tropical Storm Sandy, 11-5-2012. Source: **www.dvidshub.net**

Presidential disaster declarations cover states, tribes, and may designate specific counties within a state for which post-disaster assistance is authorized. The disaster declaration is highly beneficial to states and localities. It creates an opportunity for communities to access additional federal assistance programs, flexibilities, and funding to accelerate response and recovery initiatives. However, in reality, Presidential disaster declarations occur for a minority of disasters, so in most cases, local and state governments must maximize their own resources to support recovery efforts.

14 **National Disaster Recovery Framework**, FEMA, June 2016

National Response Framework & National Incident Management System

The NRF serves as a guide to how the nation responds to all types of disasters and emergencies. It is built on scalable, flexible, and adaptable concepts identified in the National Incident Management System (NIMS) to align key roles and responsibilities across the country. The NRF describes the principles, roles, responsibilities, and coordinating structures for delivering the core capabilities required to respond to an incident and further describes how response efforts integrate with those of the other mission areas.[15]

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

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

National Disaster Recovery Framework (NDRF)

The NDRF represents the US government's concerted efforts to communicate the federal framework for disaster response and recovery, including making existing federal post-disaster functions work more effectively together. The NDRF covers long-term recovery efforts, including most economic recovery functions. The following section highlights the purpose and resources of the NDRF.

Introduced in September 2011 and updated in 2020, the NDRF is a conceptual guide designed to ensure coordination and recovery planning at all levels of government before a disaster; it defines how to work together following a disaster to best meet

15 National Response Framework, FEMA, 2022

the needs of state, local, and tribal governments as well as communities and individuals in their recoveries. The Framework "establishes a clear structure for (federal) inter-agency and nongovernmental partners to align resources and work together to support recovery in a holistic, coordinated manner."[16] It also seeks to educate localities and states about leadership roles and responsibilities in recovery before a disaster occurs. Some states have adopted frameworks that mirror the NDRF to coordinate functions among levels of government and non-governmental partners to enhance recovery planning and response.[17]

The NDRF provides guidance on how federal government agencies coordinate disaster recovery assistance with one another and with local, state, and tribal governments. First established in 2011, it has been updated twice to better establish a common set of expectations, language, and roles to integrate and coordinate recovery activities. The NDRF recognizes that local, state, and tribal governments bear the chief responsibility for community recovery efforts but that federal resources are necessary to supplement local resources.

The NDRF does not create new federal authorities or funding streams. Instead, it is meant to make existing disaster recovery functions more effective. It outlines different roles and responsibilities, defining how federal agencies will coordinate to help meet the needs of local, state, territorial, and tribal communities in the recovery phase after a major disaster declaration.

The NDRF incorporates the values of the "whole community" with an emphasis on eight Recovery Support Functions that are critical to enabling preparedness and recovery. More information on each of the functions is listed below, and can be found on the FEMA website **Recovery Support Functions**:

Core Capability	Definition
Community Planning and Capacity Building	Identifying potential issues and needs, pre-disaster, and utilizing this information to create inclusive recovery and resilience plans for the variety of stakeholders in a community.
Public Information and Warning	Establish transparent, trustworthy information systems that are clear, accurate, and accessible.
Operational Coordination	Organize and implement recovery process.
Economic	Analyzing, and when needed, sharing economic impact data to evaluate current and potential impact of disaster on the local economy. Identify and build up variables that will stabilize the local economy in the event of a disaster.
Health and Social Services	Identify affected and/or vulnerable populations likely in need of recovery assistance.
Housing	Evaluate housing impacts post-disaster, project pre- and post-disaster needs, find options for temporary housing, and target plans for development of permanent housing.
Infrastructure	Restore and sustain critical utilities and service, for both residential and commercial functions.
Natural and Cultural Resources	Create and implement measures to protect the value and placement of cultural and/or historical records, structures, spaces, and/or objects.

16 **National Disaster Recovery Framework – Frequently asked questions**, FEMA, 2021

17 **U.S. Economic Development Administration Supports Disaster-Impacted Missouri Businesses and Communities in Times of Need**, EDA February 2020

Recovery Support Functions (RSFs)

All eight principles are reflected in the NDRF's six recovery support functions (RSFs). RSFs are intended to further the coordination and delivery of federal assistance supplementing local stakeholders that are not usually focused on emergency management but whose services are vital in rebuilding community. The RSFs are in the following areas: health and social services, natural and cultural resources, infrastructure systems, housing, community planning and capacity building, and economic.

The federal RSFs constitute the coordinating structure for the key functional areas of assistance in the NDRF. Among other functions, they support local, state, tribal and other areas by improving access to resources, integrating principles of resilience, sustainability, mitigation, and driving coordination among stakeholders.

Each of the six RSFs is headed by a coordinating agency, under which more than supporting agencies and entities provide subject matter expertise for a particular sector or issue. See below:

Recovery Support Function (RSF)	Coordinating Agency
Community Planning and Capacity Building	U.S. Department of Homeland Security/Federal Emergency Management Agency
Economic Recovery	U.S. Department of Commerce, EDA
Health and Social Services	U.S. Department. of Health and Human Services (HHS)
Housing	U.S. Department of Housing and Urban Development
Infrastructure Systems	U.S. Army Corps of Engineers
Natural and Cultural Resources	U.S. Department of the Interior

States and communities are encouraged to create their own recovery coordination structure that is complementary to their existing organizations and recovery priorities. Often with catastrophic or large-scale disasters, governors' offices will determine which state agency will manage different aspects of the recovery.
For more information on the NDRF, visit the official **National Disaster Recovery Framework** website.

For this Toolkit, we focus on the Economic Recovery Support function (although the functions are interrelated and many of the stakeholders overlap - e.g., housing and infrastructure with economic recovery):

Economic Recovery Support Function (Economic RSF)

The U.S. Economic Development Administration (EDA) leads the Economic Recovery Support Function (Economic RSF) actions. Because most economic recovery efforts take place after the initial phase of disaster response, the Economic RSF is particularly important to economic developers working to stabilize and rebuild their communities' post-disaster economies. Field teams consist of a coordinator, subject matter experts, and local leaders.

The EDA is the coordinating agency for the Economic RSF. The primary agencies that implement the Economic RSF are:

- Department of Agriculture (USDA)
- Department of Homeland Security/FEMA (DHS/FEMA)
- Department of Labor (DOL)
- Department of the Treasury (TREAS)
- Small Business Administration (SBA)

Supporting organizations include

- Corporation for National and Community Service (CNCS)
- Delta Regional Authority (DRA)
- Department of Health and Human Services (HHS)
- Department of Housing and Urban Development (HUD)
- Department of Interior (DOI)
- Department of State (State)
- Environmental Protection Agency (EPA)

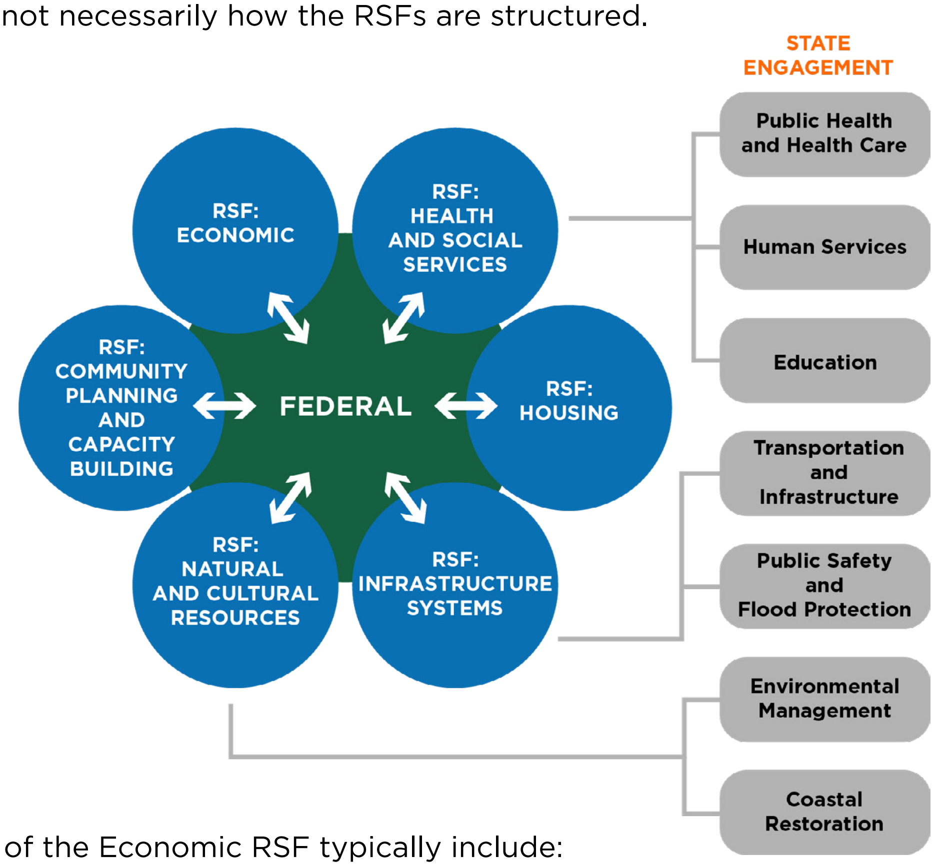
The Economic RSF brings together the expertise and resources of the federal government to assist local, state, and tribal governments and their private sector partners to build back more sustainable resilient communities. Economic recovery initiatives are typically focused on:

- Encouraging business and industry to resume operations through improving the flow of restoration information
- Enabling communities to retain businesses and their local workforce
- Encouraging greater access to needed financing for working capital and re-building purposes
- Connecting businesses with existing assistance services
- Supporting the creation of new business development and a diversified local economic base for building resiliency
- Facilitating interagency and intergovernmental coordination to improve economic recovery support

The Economic RSF assists local communities and states in post-disaster economic recovery through four stages of recovery (which can overlap):

- Pre-declaration, planning and coordination
- Scope recovery requirements – in partnership with the state, there must be an effort to capture the overarching issues as they relate to economic recovery
- Developing/delivering a recovery support strategy – in partnership with the state, the Economic RSF must document the federal capabilities available to support economic recovery
- Grant administration and close-out – guidance in acquiring and implementing federal resources, as well as creating a transition strategy back to normal operations

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



Activities of the Economic RSF typically include:

- Technical assistance and training
- Information sharing
- Leveraging existing resources within federal programs

As the coordinating agency for the Economic RSF, the EDA maintains regular contact with the local, regional, and state EDOs to inform their assistance efforts. As a result, there are often regular "data calls" or community-level meetings to gather economic recovery impact information. EDA can connect communities to resources available through its own funding opportunities and to other agencies, e.g. HUD and SBA through connectivity with FEMA's interagency task force.

Responsibility of the State Government

The state government's response to a local disaster includes:[18]

- Determine if the severity and magnitude of the disaster are beyond the capabilities of the state and affected local government and accordingly, make a request for federal assistance by requesting a Presidential Disaster Declaration
- Assess local government recovery capacities for the specific incident and assist local governments with identifying recovery resources
- Coordinate state recovery planning and assistance to impacted communities
- Lead unified recovery efforts of state agencies, setting appropriate state policies to guide state agency activities as well as inform the application of federal funding
- Manage federal grant resources, ensure efficient use of federal funds, and enforce accountability and compliance
- Oversee volunteer and donation management
- Oversee an accessible case management process
- Develop strategies for leveraging recovery funds through private investments, charity, and state sources such as emergency funds and taxes
- Provide timely public information and manage expectations
- Enact exemptions to state regulations to facilitate rebuilding and promote safer building practices
- Coordinate with federal law enforcement to prosecute disaster-related fraud and abuse
- Establish metrics to evaluate recovery progress and the achievement of statewide disaster recovery objectives
- Ensure safety and health of state workers

After a major disaster, the governor plays a key role in distributing both state and federal assistance. As local communities report on damage and impact, the state's role is to commit resources to help local jurisdictions respond to the incident.

Depending on the severity of the event, any state or federally recognized tribe can request federal assistance.[19] The FEMA regional and national offices then review the evidence of severity, magnitude, and overall impact of the disaster. The amount and type of damage to property and infrastructure are considered, as well as threats to public health and safety. The ability of essential local and state government services to function is also a key consideration.[20] The FEMA office then provides a report to the President.

18 **National Disaster Recovery Framework**, FEMA, June 2016
19 **How a Disaster Gets Declared**, FEMA, Sept. 2021
20 **How a Disaster Gets Declared**, FEMA, Sept. 2021


New Jersey Lt. Gov. Kim Guadagno addresses a crowd of first responders post Sub-tropical Storm Sandy. 11-11-2012. Source: **www.dvidshub.net**

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

The state may activate a crisis action team, whose responsibilities include assessing the situation by determining which jurisdictions are involved in the crisis and how they will be impacted, identifying activities for immediate response, and determining whether to activate emergency public information procedures, such as the emergency alert system or a joint information center.

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

The state government will continue to play a role in recovery through channeling resources from federal, state, and non-private partners and directly deploying resources. State economic development organizations support the efforts of local EDOs and may have their own funding streams and assistance programs established to aid recovery.

Local Responsibility in Response and Recovery

Local government often takes the following response actions:[21]

- Develop and implement recovery and mitigation plans
- Ensure integrated efforts across government offices, the private sector, and nongovernmental organizations (NGOs) during the formulation and implementation phase of recovery projects
- Lead efforts to restore all sectors of the community and maintain essential services, including critical infrastructure
- Engage in business outreach and business retention activities
- Assist with temporary and permanent housing needs of residents
- Undertake an appropriate community planning process
- Establish metrics to evaluate and communicate progress

While state and federal government agencies can bring significant resources to bear in a crisis, the local government typically has greater knowledge of local assets and public management systems, as well as relationships with their impacted constituents. Residents and businesses typically look to state and local government leaders to coordinate immediate response efforts and expect local leaders to be knowledgeable about long-term recovery initiatives. Aid from FEMA flows first through the state governments. State and local governments are stewards of recovery resources from government agencies. Local governments will be the most active to deploy and implement those resources on the ground.

In the United States, local governments are responsible for providing the first level of response in emergency management. They must quickly assess the situation and activate the nearest Emergency Operations Center (EOC) following a major incident. Such centers serve as the primary location where key decision-makers gather information about incidents to manage the disaster response. EOCs also either facilitate or directly dispatch field operations for emergency services and disaster personnel. Planning for, and running EOCs is best left to local stakeholders (i.e., city or county emergency management offices, utility services, mayor's office). If the magnitude of the disaster exceeds the resources of the community, the local government may request assistance from the state, which may then initiate the process to have an emergency of major local officials must expect disaster declared via the Stafford Act, as explained above.

21 **National Disaster Recovery Framework**, FEMA, June 2016

In the recovery phase, local governments also often serve as the grant recipient or applicant for state and federal assistance. Federal and state officials will frequently seek impact assessment information from local government officials and other EDOs. While these requests can be overwhelming in their frequency and detail, it is critical that local officials expect this and prepare accordingly. Having access to pre-disaster data is critical to the capability to assess and capture post-disaster impact. Communities should ensure that baseline data about their community, including population demographics, number and type of businesses, and workforce information is up to date.

The ability to assemble and engage community stakeholders in the recovery and response phases is critical. EDOs should be intentional when it comes to this process. The partners should be identified and the relationships should be established before a disaster happens. The EDO should be aware of hazard mitigation and disaster response plans that exist in the locality and the efforts spearheaded by emergency responders and other stakeholders as well.

The Role of Economic Developers in the Disaster Cycle

The Economic Developers' Role in Immediate Response

It is not uncommon for disasters to reveal a weakened economic development landscape, with significant gaps in regional cooperation and alignment, organizational capacity, staffing, technical knowledge, and financial resources. Thus, economic development organizations and stakeholders may need to re-train and acquire additional staff for capacity-building assistance. EDOs should be proactive in planning for disasters, establishing relationships, and engaging in emergency management planning activities before an event takes place. For more information on preparation, please see *Chapter 3 Disaster Preparation* and *Chapter 9, Strategic Planning.*

The EDO's response to a local disaster includes:

- Identify support resources at the local, state and federal level and assisting in disseminating this information to businesses
- Document the economic impact of disasters and/or continuing to gather statistics that demonstrate key trends
- Strengthen collaboration and partnerships among local, regional and state organizations
- Build working relationships with federal officials and their consultants
- Engage the private and non-profit sector in recovery efforts
- Contribute input to their community's comprehensive plans and giving feedback regarding infrastructure and other public services needed to improve commerce
- Update economic development strategic plans
- Work with local, state and federal partners who are preparing economic development and strategic plans to ensure they include economic recovery and development priorities
- Execute project management that ensures effective implementation of those plans
- Take the lead or become a key partner in establishing a business recovery center to serve impacted local businesses
- Market to attract new investment and facilitating industry diversification, particularly when existing industries have sustained damage

Communication

A key focus for EDOs in the response and recovery process is to help facilitate effective communication between government and businesses. In the initial days and weeks after a disaster, communication on such essential subjects as the availability of power, access to transportation networks and facilities, and temporary facility space for displaced businesses and government resources is critical. EDOs also help advise businesses on ways to communicate that they are "open for business" after a disaster – an important but often overlooked activity in restoring commerce. For more information, see *Chapter 7, Crisis Communications.*

Immediate Assistance

As the response progresses, the focus usually shifts from addressing immediate health, safety, and other emergency issues to conducting repairs, restoring utilities, establishing operations for public services (including permitting), and finishing the cleanup process. Mobile and fixed location one-stop centers for businesses are quickly set up in the community to centralize small business resources, whether they are local, state, or federal, e.g., those provided by SBA, Small Business Development Centers (SBDCs), Service Corps of Retired Executives (SCORE), etc. They provide a location to connect businesses with local bankers, business counseling, and other assistance critical to maintaining business continuity. Similarly, EDO representatives have found it important to work closely with the EOC or even hold office at the center to help facilitate critical recovery communications to area businesses.

Business Re-opening

Business re-entry and reopening into the community should begin as early as possible in the recovery phase. Businesses initially may face issues with access to their sites, preliminary damage assessment, and communications with staff, vendors, suppliers, and customers. Depending on the size and scale of the disaster, local authorities may restrict re-entry in varying ways that could prolong a business disruption. Ongoing issues may include access to capital, labor shortage, repair of damaged property, supply chain and inventory challenges, and a diminished customer base. In these cases, short-term gap financing in the form of revolving loan funds or small grants (which have become more common during Covid-19) can be crucial for businesses with minimal cash reserves or those that are waiting on loans that take longer to arrive.

Long Term Financing

As the community enters recovery, EDOs will shift their assistance from immediate to long-term. Long-term financing—whether in private bank loans, EDO-run revolving loan funds (RLFs), or capital from Community Development Finance Institutions (CDFIs)—is critical as businesses adapt to new environments. This financing is designed to cover several years' worth of capital, with re-payment expected to cover several years. Resources for RLFs and other projects will become available from federal and state resources, including SBA, EDA, HUD, and the US Departments of Agriculture (USDA), Treasury (UST), Transportation (DOT), and Interior (DOI) – as well as state programs. Many of these resources have very specific parameters for eligibility and use. It is important to work with the local field office to learn how the agency's programs may be applicable for each disaster. For more information, see *Chapter 8, Accessing Federal Resources.*

Workforce

Businesses may also need to recruit and train new workers. Employees may have difficulty getting to work if roads have been damaged or if there is no longer affordable housing near work sites. In the cases of health disasters like Covid-19, workers may not feel safe returning. Workforce Investment Boards (WIBs) can play a significant role in connecting companies with workers through skills training of unemployed/underemployed workers and partnership with EDOS working with businesses (SBDCs, SBA, mobile and one-stop centers). EDOs may need to work with their local health departments in events such as health disasters to provide personal protective equipment (PPE) that will help foster a safe workplace.

It should be noted that the recovery process often creates a need for the workforce to assist with rebuilding and repairing infrastructure and property. These could range from short-term to medium or even long-term rebuilding efforts. Disaster recovery, rebuilding, and resiliency efforts can create jobs. Local workforce organizations may want to consider ahead of time how to ensure that the local workforce is trained to take on these jobs. Additionally, EDOs can advocate for procurement processes that benefit local and, where possible, minority and women-owned (and employing) businesses to help advance local and equitable outcomes for businesses and workers. *Chapter 4, Small Business Assistance* has more information about procurement.

Conclusion

The response to disasters differs at the federal, state, and local levels. EDOs should strive to understand these various roles to determine how to most effectively engage in preparation and response efforts. For example, understanding the federal Recovery Support Functions can help to develop programs that complement this framework at a local level. Additionally, EDOs should engage local partners in preparation and resiliency activities before a disaster to better position their communities for recovery.

3

Disaster Preparation

Chapter 3: Disaster Preparation

Introduction

An economic development organization[1] (EDO) that takes steps to prepare for a disaster, and that educates and trains local businesses in disaster preparedness, will have the capacity to provide effective support at a very critical time. This takes leadership; disaster preparedness is not a topic that is top of mind for businesses, so EDOs must continue to raise the issue and build it into day-to-day functions such as business retention and expansion. EDOs must also assume leadership in convening stakeholders and following up on efforts to amend plans to appropriately prioritize economic recovery.

To gain a seat at the disaster planning and response table, EDOs and chambers of commerce need to function as communication links to local businesses. They can achieve this by regularly communicating with the business network and providing value-added services day-in and day-out. In a disaster, businesses will first approach organizations they are confident they can rely on for timely and credible responses and recovery information.

This chapter covers internal and external planning for EDOs, as well as suggestions for engaging businesses in continuity planning. Internal preparedness includes the physical, digital, and organizational steps to take in preparation for any kind of disaster. External preparedness involves working with a recovery team of local, state, and federal public and private stakeholders to influence and engage planning and disaster management efforts before an event.

Internal Planning: Ensuring EDO Continuity

Identifying Critical Business Functions

Immediately following a disaster, economic development organizations are likely to be operating at reduced capacity due to displaced staff, damaged facilities, reduced operational funds, or utility outages. Despite this, these organizations will also be expected to respond to the immense post-disaster economic recovery needs in their community. To maintain functionality in times of crisis, EDOs need to prioritize critical business operations.

1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships, and Economic Development Administration designated Economic Development Districts.

Identifying, prioritizing, and delegating critical business functions is integral in resuming operations following a disaster. Critical business functions are those that are most sensitive to downtime, fulfill legal or financial obligations to maintain cash flow, play a key role in maintaining market share or reputation, or safeguard an irreplaceable asset.

The following steps from the Insurance Institute for Business Home and Safety (IBHS) can be used to map out the critical functions of an organization – those activities that are vital to the organization's survival and the resumption of business operations.[2] Identifying critical business functions is just one part of organizational continuity planning. While businesses may have many other concerns including supply chains, equipment, and product, EDOs are primarily focused on support and service, which are particularly important during a disaster.

1. Identify the business functions and processes that are critical to the survival of your organization

   What is your main product/service? What other business functions/processes do you perform to run your overall business such as production/service delivery; customer service; sales/marketing; purchasing; accounting/finance; human resources; administration; and information technology? What activities do employees perform on a daily, weekly, monthly, and annual basis or other special times of the year?

2. Rank these organizational functions in priority from extremely high to low

   What are the consequences if the function can't be performed? Can your organization survive without this function? How much downtime can you tolerate for each function?

3. Rank and document important information for each function

   Start with functions ranked Extremely High and High. Additional functions can wait until your annual update.

4. Consider whether employees need additional training to perform functions they do not normally complete but could complete in the event of a disruption

5. Be as specific as possible when documenting procedures for workarounds and manual processes

2 Stay Open For Business, IBHS

Digital Needs

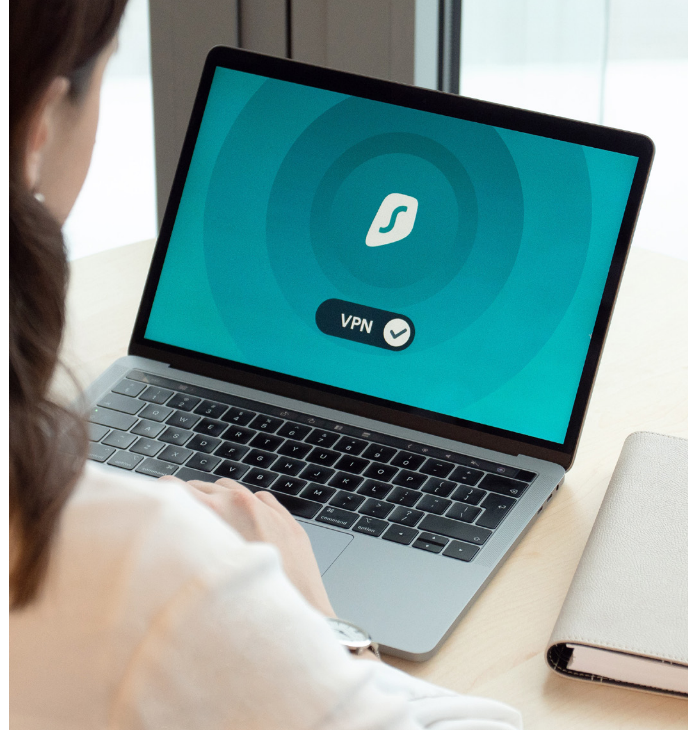
The Covid-19 pandemic highlighted the need for flexible systems that can be adapted to changing circumstances. In the pandemic, many organizations learned about digital readiness the hard way. Overnight, employees went from working together in an office setting to working remotely. Interactions with businesses were disrupted at a time when many were struggling to adapt to a new environment, as the phone numbers and physical addresses of EDOs were temporarily defunct. Organizations that had functional digital systems in place were at a distinct advantage. Establishing and maintaining these systems will be a good investment no matter the type of disaster that strikes – whether public health, weather-related or related to another source.

Keeping Relationships Strong

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. The first step in digital disaster preparedness is to make sure the organization can be in touch with employees, partners, and businesses by establishing redundancies and ensuring transparent and accessible information. There should be some sort of digital shared file with contact information for all audiences that is maintained internally. While this can be a shared document, the sophistication, and capabilities of Customer Relationship Management (CRM) software have led to a rise in the use of such products. No matter the format, the core principle remains the same: collect all the contact information possible, including personal emails and mobile phone numbers, and make sure it is continually updated.

Internally, organizations will need to ensure that all employees can access this database. Before disaster, decisions about when to contact different audiences, and who should do so should be made. For example, emails may be sent to a wider range of contacts from an organizational address, but perhaps only leadership should be sending a message via text messaging service to business owners and executives. More about communicating with various audiences can be found in *Chapter 7, Crisis Communications.*

Ensure Data Safety



The second step to digital security is to ensure data safety through backups to the cloud or remote servers and to establish parallel software systems. Most organizations have migrated their information storage and day-to-day business to the digital space. This is convenient and enables quick access and communication, but also introduces threats; hard drives malfunction unpredictably, ransomware attacks threaten security, and human error can result in data loss. Furthermore, natural disasters can cause electrical surges, flooding, and other threats, and public health crises like Covid-19 can push the limits of digital systems. So, as an extra level of security, EDOs should establish parallel systems to ensure continuity.

Organizations must prepare for interruptions to digital systems through both backup and disaster recovery. Backup of data is the process of making an extra copy or copies of data. This can be stored in either the cloud (that is, a location on the internet) or physically stored on a server – or through some combination of the two. If storing on a server, the best practice is to choose a location out of state so that if a large natural disaster strikes, data can still be recovered. Organizations should seek to back up all vital records that can include employee data, payroll, financial records, strategic plans, customer or client lists, vendor lists, building plans/blueprints, the lease or mortgage, property titles, insurance records, and other valuable documents that contribute to the organization's bottom line.

In the parlance of digital security, disaster recovery refers to the plan and processes for quickly reestablishing access to applications, data, and information technology (IT) resources after an outage.[3] This concept is more related to software, and capacity continuity, and includes establishing parallel systems. For example, this could mean having a facsimile of a website already established on a different internet server so that there is a seamless transition to the backup website and no interruption of service in case the original site is not responding.

Another important reason to invest in data safety is to ensure that systems related to an EDO's Business Retention and Expansion (BRE) function are preserved. Effective BRE depends on an accurate database listing addresses and contact information. 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. Backing up this database to the cloud or a remote location allows for uninterrupted access. Planning for disaster recovery related to this function will focus more on how to patch in a solution if the software fails or is disrupted. For example, if there is a portal on the organization's website where businesses can enter their information, and for some reason, this fails, there could be a temporary survey installed in its place.

3 **Backup and Disaster Recovery**, IBM, December 2018

Communications

Putting communications plans in place helps an organization address any event; from disasters to job expansions. *Chapter 7, Crisis Communications*, provides an overview of how to formulate and carry out a communications plan. In terms of digital pre-planning, there are a few key steps to take beforehand, including developing templates for social media engagement and press releases and having a dedicated website.

Resources that can be easily mobilized on a website for businesses to use in the immediate wake of a disaster include contact information for FEMA, the Small Business Administration, and other federal partners, as well as 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 temporary location address for any critical service that supports the local business community.

For example, Greater New Orleans, Inc., the regional economic development nonprofit organization serving the 10-parish region of Southeast Louisiana, hosts "**GNO Powermatch**" on their website, which connects power generators with companies and organizations who need them. Organizations can sort by size, fuel type, and availability. They are then provided the name and contact person at a rental or sales company. The website is available on mobile as well as desktop, so those without power can use their phones to access it.

Physical Preparations

EDOs should prepare to meet the physical conditions of all emergencies they may be exposed to. For organizations that work out of an office, this means having emergency supplies on hand at the office in case employees must shelter there; it also means having a backup office and identifying a physical location where business owners can visit to access help. This aspect of emergency planning is more focused on weather-related or other physical disasters, rather than public health-related events; in light of what was learned from the Covid-19 pandemic, including personal protective equipment such as face shields and masks would also be prudent.

Collect Needed Supplies for Disaster Response

When disaster strikes, the EDO may be on its own for hours or even several days. Keeping supplies on hand can help care for employees, customers, or others on premises until help arrives. Use the following checklist for recommended supplies. Remember to check the kit every six months to replace expired or outdated items.

- Water (one gallon per person per day for several days, for drinking and sanitation)
- Food (at least a three-day supply of non-perishable food)
- Battery-powered or hand crank radio and a NOAA Weather Radio with tone alert
- Flashlight
- First aid kit
- Extra batteries
- Whistle (to signal for help)
- Dust mask (to help filter contaminated air)
- Plastic sheeting and duct tape (to shelter in place)
- Moist towelettes, garbage bags and plastic ties (for personal sanitation)
- Wrench or pliers (to turn off utilities)
- Manual can opener (for food)
- Local maps
- Cell phone with chargers and a backup battery[4]

EDOs Should Arrange for Two Alternate Office Locations

As part of the organization's 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 a pandemic, or another event where employees need to work remotely, EDOs may want to coordinate with their employees to help establish workplaces in their homes. Offering a credit toward home office improvements – for example, to upgrade computer systems or workspaces - may pay off in more productive employees.

Other concerns related to employees include immediate impacts on communications and transportation networks and ongoing issues related to childcare and housing. An in-depth overview of employee-related issues is included in the section on Business Continuity Planning, below.

4 **Build A Kit,** Ready.gov, February 2022

Organizational Preparations: Establish a 501(c)3 Foundation that Enables a Business Recovery Fund

Depending on the structure of the EDO, establishing a nonprofit 501(c)3 foundation for economic development and recovery purposes can be an excellent tool to assist in response and recovery in the wake of a disaster. While determined state by state, the IRS 501(c)3 designation may allow for the following benefits[5]:

- Exemption from federal income and employment taxes
- Exemption from state income and sales tax
- Ability to accept tax-deductible or charitable contributions
- Reduced postal rates
- Tax-exempt financing options

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

It is important to keep in mind that tax-exempt status brings with it legal and reporting obligations. An informative presentation given by the Joplin MO Chamber of Commerce and their lawyer detailing the need for a legal process of establishing a nonprofit, which is available digitally at **www.restoreyoureconomy.org.**

Ideally, economic development foundations should be in place and functional before a disaster. Trying to create a foundation after a disaster slows the organization's ability to quickly respond with needed recovery programs. Keep in mind that these foundations are useful for other economic development purposes during normal periods of operations, such as dispersing funds through loans or grants, or engaging in fundraising campaigns.

5 **Nonprofit vs. Not-for-profit vs For-profit: What's the Difference,** U.S. Chamber of Commerce, April 2021

Internal EDO Continuity Planning

1. Identify critical business functions

   Understanding the organization's key business functions and who will carry them out will ensure continuity in case of a disaster.

2. Make sure the organization can be in touch with employees, partners, and businesses

   Establish redundancies and ensure transparent and accessible information through a shared database such as Customer Relationship Management software.

3. Ensure data safety

   Important documents should be backed up to the cloud, a remote server or a combination of the two. Additionally, parallel systems should be created to provide a seamless transition if core software is compromised.

4. Prepare a crisis communications plan

   This will include when and how to contact different audiences.
   More information can be found in Chapter 7, Crisis Communications.

5. Collect needed supplies for disaster response

   In addition to supplies to ensure survival, include personal protective equipment such as face shields and masks.

6. Arrange for alternative office locations

   Also keep in mind employees' personal situations; they may be affected by damage to a home, or disruption of childcare.

7. Establish a 501(c)3 fund for business recovery

   While best undertaken prior to a disaster, a 501(c)3 nonprofit allows for flexibility in accepting and disbursing donations.

National Business Emergency Operations Center

The National Business Emergency Operations Center (NBEOC) is FEMA's virtual clearing house for two-way information sharing between public and private sector stakeholders to help people before, during, and after disasters. The NBEOC uses virtual tools – including web-based platforms and dashboards – to communicate and coordinate with members. During emergency operations, the NBEOC provides access to real-time situational awareness about the incident and ground truth on the needs of affected survivors and communities. The NBEOC works to:

- Support state, local, tribal, and territorial government capabilities to respond to and recover from disasters, by connecting them with FEMA's regional private sector liaisons and the NBEOC's national network of private sector partners.
- Assist FEMA's regional and joint field offices by identifying potential sources of operational support and providing situational awareness during response and recovery phases of a disaster.
- Improve situational awareness across affected areas and facilitate information sharing between public and private sectors on existing needs and capabilities during a disaster.
- Engage key stakeholders who can bring resources, capabilities, and expertise to bear in support of disaster response and recovery operations.
- Coordinate requests for information about critical infrastructure sectors through the National Infrastructure Coordination Center.
- Foster mutually-supportive relationships that strengthen public-private partnerships.

External Planning: Engaging the Business Community in Disaster Preparedness

Beyond the internal planning that will help EDOs activate and sustain their recovery response, the nature of their role in the community demands engagement with other organizations if they are to be valuable partners in ongoing rebuilding and resilience. In preparedness planning, EDOs must coordinate amongst themselves and with municipal and state departments to represent the needs of the business communities which they serve.

Economic Developers as a Liaison between Business and Government

While local government has the legal responsibility to address disaster risks and make emergency management plans, the business community will recover much more successfully from a disaster if business needs are incorporated into preparedness planning. In this scenario, EDOs can serve as a liaison. While EDOs often advocate for business interests in preparedness activities, they also have the unique ability to coordinate involvement and leverage resources from the business community after a disaster. In a post-disaster environment, they are likely to take a leadership role in facilitating job recovery and stabilizing the community's economic base.

Business owners and executives don't always naturally see their role in a community's disaster preparedness effort, so the EDO plays an important role in conveying these understandings. Similarly, emergency managers are most often concerned with health and safety and can overlook the needs of businesses. Involving the business community in the disaster preparation process at an early stage will help to ensure their specific needs are addressed in emergency plans and increase their resilience to the disaster's impact.

To serve as a liaison between business and government, EDOs need to understand businesses' concerns regarding disasters. However, on a day-to-day basis, most business owners and executives are concentrated on keeping the doors open; EDOs must be leaders in raising the topic of disaster preparedness and must engage with businesses to source insight about potential issues. One way to do this is through hosting business continuity planning events, which is discussed in depth in this chapter. Another is through existing business retention and expansion (BRE) functions. For example, questions on disaster preparedness can be built into BRE surveys. For more information on BRE, please see *Chapter 5, Business Retention and Expansion*.

Engaging Business Representatives in Planning

Beyond serving as a voice for the business community, EDOs can actively engage local business representatives in planning efforts that not only will protect their assets but also expedite the recovery of the local economy in the event of a major catastrophe.

Build an Economic Recovery Team

Recovery teams can be catalyzed by EDOs, or they could grow out of a strategic planning process or in response to a different disaster. In the wake of Covid-19, many communities are likely assessing their risk and building or continuing these teams. This team should specifically address the post-disaster economic recovery issues that a community may face and will have a key role in reviewing 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.

Effective recovery teams have a mix of strategic representatives from the private, public sectors, and non-profit sectors participating in the economic recovery team. Trust is built as these stakeholders cooperate in the pre-planning phase so that these relationships can be relied on when disaster strikes, and there is a need for expediting the decision-making process.

For the private sector, representatives should reflect a diverse population of businesses; established and new, large and small, and those located in successful commercial and distressed areas – as well as industrial areas. Note that businesses in disadvantaged neighborhoods are often more adversely affected by disasters. If this population had not been involved in planning efforts in the past, work to engage them moving forward. Additionally, financial institutions should be invited to participate.

Public sector engagement should include public and elected officials such as council members, emergency management and personnel, and public safety personnel. The Covid-19 pandemic has shown the importance of engaging public health officials. It is also useful to include quasi-public entities such as utility representatives or airport leadership. Economic development stakeholders, such as representatives from the lead EDO, and those from business or trade associations, business districts, workforce investment boards, and other business-serving groups should also be included.

Relevant nonprofit partners should also be involved including those focused on training and workforce development such as universities and community colleges, and those focused on health such as hospitals. Additionally, nonprofits that interact with recovery efforts such as the local chapter of the Red Cross and United Way should be included.

Private, nonprofit, and public sector involvement in this team will ensure that communication flows between these groups and will bring to light any potential conflicts or duplication of efforts in the recovery process. For example, after hearing from businesses, the public sector is better informed of decisions that could delay the business recovery effort and is informed of the private sector's priorities for re-investment and redevelopment.

The team should select the appropriate leader who has an articulated position of authority to provide proper support to the team; someone who understands the needs of the private sector and can facilitate participation from all representatives. Due to the focus on advocating for the private sector, this role may best be served by EDO leadership. Their 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 or a representative from it should be engaged in emergency preparation and planning activities, particularly in close communication with their region's Office(s) of Emergency Management. The local jurisdiction's emergency manager is responsible for creating the area's emergency management plans and for the key decisions which have direct impacts on the business community after a disaster, including business reentry, access to property, and other issues that impact local businesses' ability to respond and recover. Most emergency management plans are primarily concerned with health and public safety issues and may overlook the economic recovery aspect. Economic development representation enables the business community to have a voice in the emergency planning process.

Specifically, EDOs or a representative of the recovery team should participate in the state and local hazard mitigation planning process. Once a relationship with emergency management personnel has been established, they can be invited to participate in economic development planning as well. Some planning efforts have resilience built into the process. For example, when local Economic Development Districts are updating the Comprehensive Economic Development Strategies (CEDS), a section on Economic Resilience is required. Ideally, CEDS, hazard mitigation plans, local land use plans, and economic development strategies are aligned.

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

- Economic development component of a comprehensive plan
- Economic development strategic plan
- Community development plan
- Capital improvement plan
- Comprehensive Economic Development Strategy (CEDS)

Consider the Emergency Support Function System

Under the National Recovery Framework (NRF), Emergency Support Functions (ESFs) are resources organized into 15 categories, which provide a structure for all the different agencies involved in responding to a disaster. The most prepared states have a similar structure in place at the state and local levels that enable industry and business input at the emergency management table. States such as Florida, South Carolina, and Louisiana have established a state-level ESF for business and industry to enable greater coordination and planning between different government agencies, the private sector, and non-profits. These ESF teams are also established at the local level, which enables them to receive FEMA funds for planning, and ensures that the business representative is included in the community's Emergency Operations Center (EOC) in the event of a disaster.

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

MANATEE COUNTY, FL

In Manatee County, Florida in the County Comprehensive Emergency Management Plan, volunteers from the International Economic Development Council (IEDC) clarified the role of the County's Economic Development Division as explicitly taking on Emergency Support Function-18, the function of Business & Industry.

In 2018, IEDC volunteers were invited by the Manatee County Department of Redevelopment and Economic Opportunity to assist Manatee County with economic recovery discussions following Hurricane Irma. Manatee County has a robust Emergency Support Function (ESF) plan. This county-level plan, which mirrors federal and state ESF plans, provides the structure for coordinating interagency support for a response to an incident. The Manatee County Department of Redevelopment and Economic Opportunity was the lead on ESF-18: Business and Industry. Through discussion with nine other stakeholder business-serving groups, volunteers learned that there was a need for training and alignment with the ESF-18 framework.

The resulting strategic planning document recommended that all partners – including the various chambers, as well as the regional SBA Small Business Development Center and local community development financial institutions (CDFIs) – should receive training on the ESF-18 Business and Industry Plan. Volunteers learned, as a result of the Irma response, that most support agencies were unaware of each other's internal emergency plans. During Irma, each support agency team had focused on their roles and partner stakeholders, resulting in limited cooperation. Hence the suggestion that through training and discussions, agencies' internal emergency plans can be coordinated with the county ESF-18 plan.

Additionally, volunteers identified a need for more representation of ESF-18 related actors involved in the Emergency Operations Center (EOC), and more open communication between the EOC and outside stakeholders on issues pertinent to business needs.

Discuss Roles and Responsibilities for EDOs Post-Disaster

The role of EDOs will vary based on the economic development structure of the community – there may be several organizations that serve businesses, from a regional EDO to a start-up incubator. Each EDO will have its own network of community and business stakeholders that should be engaged. In preparedness planning, the roles of each EDO, as well as the roles of public and private partners, should be clarified. For example, one EDO may serve as the spokesperson, while others support by sending out communications to their networks. More information on communication planning can be found in *Chapter 7, Crisis Communications.*

Emergency Operations Center

The response team should determine ahead of time economic development representative that will join community responders at the local area's Emergency Operations Center (EOC). The EOC functions as the central location for coordinating and carrying out the emergency planning, training, and response and recovery efforts of their local community. In a case where the EOC is fully activated by a major incident, it will include the co-location of representatives of various municipal departments, emergency responders, state and federal agencies, and non-profit and faith-based organizations. The economic development representative can educate businesses at the EOC about available federal and state resources that may be available to local businesses in the days and weeks following a disaster.

Covid-19 has changed the nature of EOCs. A McKinsey report explains that the pandemic "required public and private sector leaders to leverage existing or create new infrastructure to coordinate resources, information, and emergency risk communication to respond to the public health threat.[6]" Moving EOC operations online is the first step but must be complemented by provisions for cyber-security and strategies that enable quick decision making, from meeting cadence to data access.

Discuss Post-Disaster Economic Threats and Recovery Strategies

Once roles are defined, recovery teams should begin working on a bi-monthly or quarterly basis to identify possible economic redevelopment and recovery strategies. Some key strategies are listed below; for more details on these pre-disaster planning activities, review *Chapter 9, Strategic Planning.*

Short- and long-term threats and weaknesses should be addressed. This includes understanding the types of disasters that could impact the community. While natural disasters most commonly come to mind, it is important to recognize the broader landscape of threats. Natural disasters are becoming more severe, and climate change may affect long-term resilience. Tools such as **Climate.gov** or **FEMA's Threat and Hazard Identify and Risk Assessment (THIRA)** use government-collected data to show projected changes in precipitation and temperature by ZIP code. These tools can help frame the conversation around long-term investments such as infrastructure.

A tool that is specifically targeted toward economic recovery and resilience is the National Economic Resilience Data Explorer (**NERDE**), which was created via a partnership between Argonne National Laboratory and EDA. This tool consolidates information on data and economic distress criteria, Covid-19 impacts on local economies, and the existence and emergence of industry clusters. The data provided also helps inform communities on the types of criteria that may indicate eligibility for EDA assistance.

6 **The Future of Emergency Operation Centers: Six shifts to consider from COVID-19**, McKinsey & Company, July 2021

Potential Strategies

Strategies that the recovery team may consider in preplanning are related to existing plans or systems of regulations. Economic development organizations may also need to plan internally to prepare emergency loan programs and communication plans. These topics are covered in *Chapter 4, Small Business Assistance* and *Chapter 7, Crisis Communications.*

Local

In reviewing zoning and building codes, there exists a balance between facilitating quick rebuilding and taking the opportunity to build back more resiliently. Increasing the stringency of building codes may have a short-term impact of higher construction costs but is likely to create long-term benefits by making buildings more resilient to disasters. However, holding property owners in historic areas to standards of modernization may be prohibitively expensive.

The recovery team may engage the Planning Department to prioritize areas where higher construction standards are needed (for example in flood plains) and areas where expedited zoning can be enacted after a disaster. **FEMA's Disaster Financial Management Guide** stresses the importance of reviewing and codifying emergency fiscal policies and procedures in ordinance, noting that federal, state, and private granting or funding agencies will not grant, loan, or distribute funds to an organization without these policies and procedures.[7]

A Three-Tiered Reentry System Following an Evacuation

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

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

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

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

7 **Disaster Financial Management Guide: Guidance for State, Local, Tribal & Territorial Partners**, FEMA, April 2020

SANTA ROSA, CA

The City of Santa Rosa has made efforts to help its residents rebuild as quickly as possible after the 2017 wildfires. The city created a special zoning category for the impacted area, streamlined the permitting process, and has provided resources to help guide fire survivors through the rebuild process. A number of fees are waived for the affected area and property owners have the opportunity to live on their properties in temporary housing, including RVs, trailers, and tiny homes, while their homes are rebuilt.

The city posts regular updates on a special Resilient City section of its website which includes interactive maps of properties that can be searched to check the status of a permit or other documents. In one post, property owners are urged to contact the Santa Rosa Resilient City Permit Center to discuss the status of their existing building permit as well as any problems they may have encountered due to issues with their construction contractor. The website not only includes three ways to contact the permit center, but also includes links to the State Licensing Board if they seek to file a complaint online with the District Attorney's Consumer Law Division.

The city also posted a video online of resource documents to help guide fire survivors through the components of rebuilding, such as landscape design requirements and obtaining temporary occupancy. The documents also can be accessed through the city's rebuilding website: srcity.org/rebuild

Emergency Management

After a disaster, business owners may be restricted from returning to their property due to curfews or forced closures, depending on the nature and scale of the incident. In the process, businesses in the impacted area may lose their inventory (particularly if perishable), employees, and their customer base. Furthermore, when businesses are affected by curfews or forced closures it can severely limit access to essential services and products such as grocery, gas, daycare, and health services, in the impacted area. The closures also mean decreased employment opportunities for local residents and a significant decline in the tax revenue base.

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

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

In Summary

1. Build an Economic Recovery Team

   Private, nonprofit, and public sector involvement on this team will ensure that communication flows between these groups and will bring to light any potential conflicts or duplication of efforts in the recovery process.

2. Review Comprehensive Emergency Management Plans

   Often these plans are primarily concerned with safety and may overlook consequences to businesses. Engaging the economic recovery team in planning efforts ensures their concerns are addressed.

3. Consider the Emergency Support Function (ESF)System

   At the national level, 15 different ESFs provide a structure for all the different agencies involved in response. Some states mirror this and have specific 'business and industry' ESFs to ensure the business community is appropriately involved in recovery.

4. Discuss Roles and Responsibilities for EDOs Post Disaster

   In preparedness planning the roles of each EDO in the community, as well as the roles of public and private partners, should be clarified. In particular, the organizations involved with the Emergency Operations Center should be identified.

5. Discuss Post Disaster Economic Threads and Recovery Strategies

   Recovery teams should meet on a bi-monthly or quarterly basis to identify possible economic redevelopment and recovery strategies.

Business Continuity Training for Small Businesses

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

When done properly, a business continuity plan can help a business address several of its core functions. The plan will help to: [8]

Elements of a Business Continuity Plan

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

8 Recover from Disasters, SBA, March 2022

Understand Insurance Planning and Make Adjustments as Necessary

Businesses should review insurance plans on an annual basis to ensure appropriate coverage in terms of replacement costs for different types of hazards. Most commercial property insurance does not cover flood or windstorm damage. Flood insurance involves a separate policy from the National Flood Insurance Program; this is particularly important for businesses operating in a floodplain.

National Flood Insurance Program

EDOs should encourage businesses to investigate the **National Flood Insurance Program (NFIP)**, and take action prior to an event. NFIP has a waiting period of 30 days from date of purchase until the policy goes into effect. Although there are some exceptions to this waiting period, purchasing flood insurance outside of rainy or hurricane seasons is best practice.[9] For commercial properties, coverage of up to $500,000 for the building and $500,000 for the building contents.[10] As of 2021, FEMA has updated its pricing methodology. Under Risk Rating 2.0 some high-risk areas may pay more, while other areas will pay less.

Employees and Disaster

After a disaster, business owners must show leadership in communications with employees. The message should be time be clear, transparent, and sympathetic. Whether by phone or email, the business owner should convey:[11]

- What, when, and where a disruption has occurred
- How serious the problem appears
- How the business has been impacted (e.g., damage to facilities and operations)
- Where to direct questions
- When more details will be available

Additionally, correspondence should answer the following questions:

- Do I have to report to work?
- Will I be paid if the office is closed?
- How and when will I be paid?
- Will I have a job after this crisis is over?
- Who is expected to report to work?
- Is it safe to go back to work (and what is being done to assure my safety)?
- Where and when to report to work?

After disasters, employees fall into three groups: employees who are severely affected (including those who have been injured, and lost family members or homes); employees who have experienced issues such as energy or transportation losses as a result of the disaster; and employees not directly affected.

9 **Understanding Your Policy Terms**, FEMA, March 202
10 **What flood insurance covers**, FEMA, March 2022
11 **Managing Through Emergency and Disaster**, SHRM, 2017

Federal Assistance for Impacted Individuals

After disasters, employees fall into three groups: employees who are severely affected (including those who have been injured, and lost family members or homes); employees who have experienced issues such as energy or transportation losses as a result of the disaster; and employees not directly affected.

FEMA Assistance is available for the severely affected. All FEMA assistance is available through the following channels:

- **Online at DisasterAssistance.gov**
- Call 1-800-621-3362 or TTY 1-200-462-7585
- Download **FEMA App** from the **Apple** or **Google Play** stores

Emergency Shelter - Information on FEMA emergency shelters is available by texting SHELTER and the area zip code (for example, "SHELTER 01234") to 4FEMA (43362). For Spanish text REFUGIO and the area zip code. (Standard text message rates apply.) The **FEMA Mobile App** also enables location of open shelters.

FEMA Individual Assistance - available to help pay uninsured or underinsured losses such as home repair for disaster-related damage, rental assistance, reimbursement for lodging expenses for individuals whose home was inaccessible or inhabitable during the disaster, medical expenses incurred from this disaster, or other disaster-related needs.

Eligible survivors may be eligible for a one-time payment per household of $500 for immediate or critical lifesaving and life-sustaining items such as water, food, fuel for transportation, or prescriptions.

FEMA's Individuals and Households Program (IHP) - financial and direct services to eligible individuals and households affected by a disaster, who have uninsured or under-insured necessary expenses and serious needs. IHP assistance is not a substitute for insurance and cannot compensate for all losses caused by a disaster. The assistance is intended to meet basic needs and supplement disaster recovery efforts.

IHP Assistance may include:

- Funds for **temporary housing**, such as rental assistance, or reimbursement for hotel costs
- A **temporary housing unit**, if approved for the disaster, when rental assistance is not available due to a lack of available housing resources

Conclusion

Economic developers are a liaison to multiple audiences within the community, from businesses to government to the nonprofit sector. When it comes to emergency preparedness, EDOs should plan ahead – first for their organizations, and then in partnership with the other groups they influence. They should also offer opportunities and resources for the business community to learn about business continuity planning.

4

Small Business Assistance

Chapter 4: Small Business Assistance

Overview

Small businesses[1] are often more financially vulnerable than large businesses in the wake of a disaster. Large businesses have continuity plans and insurance policies covering business interruption, property, and inventory; small businesses typically lack these resources. A 2014 joint report from the Small Business Majority and the American Sustainable Business Council found that only 43 percent of small businesses have any kind of disaster recovery plan.[2] Research from FEMA found that 25 percent of businesses do not reopen after a major disaster.[3]

Businesses owned by persons of color have even higher closure rates. Research shows that in the first few months of the Covid-19 pandemic, February to April 2020, the number of active US business owners fell by 3.3 million, or 22 percent, from the same period in 2020. Black-owned businesses were hit the hardest, experiencing a 41 percent drop in business activity, followed by Hispanic-owned businesses, which decreased by 32 percent, and Asian-owned businesses, which dropped by 26 percent.[4]

Small businesses are the backbone of local economies, providing essential items such as groceries, gas, childcare, and health services in the local community. Often the culture and character of the town are embedded in the small business community with local stores becoming multi-generational institutions. Furthermore, small businesses are vital employers. An estimated 61 million workers - 47 percent of private-sector jobs in the US – are employed by small businesses. They are crucial to the economy, contributing 44 percent of domestic GDP.[5] Economic development organizations[6] (EDOs) must invest in efforts that ensure small businesses are connected to the capital and technical assistance resources they need to continue performing their essential roles in employment, economic growth, and community development.

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1 Small businesses — those with fewer than 500 employees according to the SBA — constitute 99.9% of all firms across the US. Of all US small businesses, 81% are non-employer firms, meaning they have no employees, while 19% are employer businesses, meaning they have employees.

2 **New Orleans Business Continuity Guide**, City of New Orleans, Aug. 2016

3 **Study: 40% of businesses fail to reopen after disaster**, Access, April 2020

4 The impact of COVID-19 on small business owners: Evidence of early-stage losses from the April 2020 Current Population Survey, National Bureau of Economic Research, June 2020

5 **Frequently Asked Questions**, US Small Business Administration Office of Advocacy, Dec. 2021

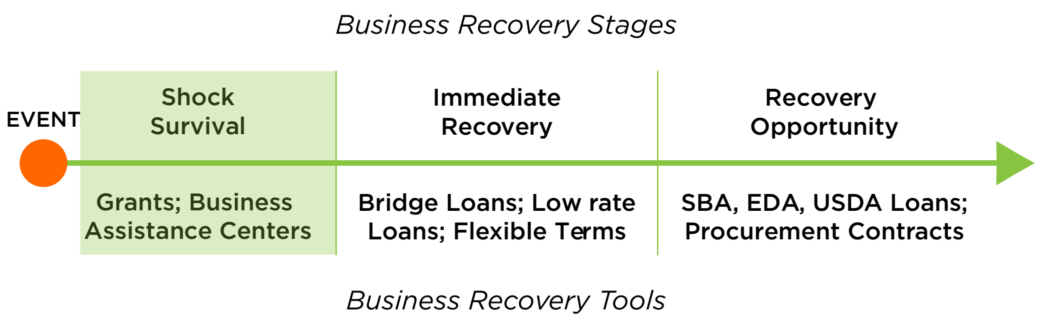
6 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

A Framework for Post-Disaster Small Businesses Assistance

EDOs support small businesses in many ways, including technical assistance, financing, advocacy, and resource development. In a post-disaster environment, these efforts must be increased and expedited. For example, EDOs often find that their organizations need to pivot almost exclusively to business assistance in the immediate aftermath of a disaster.

The graphic below was developed at the Gulf Coast Business Reinvestment Forum, hosted by IEDC in 2005 with representatives of communities impacted by Hurricane Katrina. It shows how businesses need to be supported during different stages after a disaster, from shock to recovery. This graphic provides a useful starting framework for small business post-disaster assistance.

Figure 1: Post-Disaster Business Recovery Stages and Tools



Source: [Gulf Coast Business Reinvestment Forum Executive Report](), IEDC 2005

Shock Survival

Small businesses, suffering from financial and physical shocks in the immediate aftermath of a disaster, will need expedited assistance focused on quick access to resources and funding. In this stage, EDOs may best serve businesses by creating business recovery centers (BRCs), which provide information about available local and federal resources. On-the-ground technical assistance can help business-es address immediate needs and provide education on the types of financing. A parallel website that showcases resources and contains a mechanism that allows users to self-eliminate non-applicable options should also be established. These centers can be provided both on site and virtually—during the Covid-19 pandemic, for instance, many BRCs became fully virtual.

If possible, grants to small businesses can be a lifeline in this phase. In the weeks following a disaster, they will face the need for working capital to meet payroll, replace damaged inventory and equipment, and fund other operational costs. Grants have not traditionally been a common avenue for financing. Typically, federal post-disaster financial assistance comes in the form of low-interest, deferred interest, or no-interest loans. However, in response to Covid-19, the federal government issued forgivable loans through the Small Business Administration's Paycheck Protection Program (PPP) to cover up to eight weeks of payroll. Other eligible uses of funds included interest on mortgages, rent, and utilities. Moreover, many local governments utilized the flexibility of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding, and other funding sources to provide \$5,000-\$10,000 grants in the wake of temporary small business closures.

Establishing a Business Grant Program

A business grant program targets particularly impacted businesses that may not be willing to apply for a conventional loan due to debt concerns. 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 to stay in business. Grants can ease this personal financial burden. Provisions common to forgivable loan programs include claw-back provisions[7] and requirements to meet certain employee retention targets or relocation limitations. Funding for these programs typically comes from local, state, or federal sources such as the Department of Housing and Urban Development (HUD)'s Community Development Block Grant Disaster Recovery fund (CDBG-DR).

In January 2022, Washington, D.C. relaunched the Small Business Rent Relief & Covid-19 Small Business Relief Grant Program as The Bridge Fund.[8] A non-competitive program, it awards funds to small businesses that have experienced a significant loss of revenue because of Covid-19, with priority going to organizations who did not receive PPP money and earned less than $2.5 million in annual revenue in 2019, 2020, and 2021. While many applicants have likely received some prior funds from the District or even federal programs, the Bridge Fund acknowledges that for businesses to survive and thrive under ongoing conditions, they needed sustained support. This is especially true for those who cannot depend on traditional financing.

Establishing a Business Recovery Center for Business Assistance

Immediately following a major disaster, a business recovery center (BRC) should be established to meet the immediate need for technical assistance and provide resources on short- and long-term financing. These centers should integrate local, state, and federal resources available to businesses. The BRC provides a place for the multitude of economic recovery stakeholders to come together, offering services through a common platform to avoid conflicting or duplicative guidance for businesses seeking support.

Technical assistance available at the BRC should include financial and business counseling services and locally relevant information, such as updates on utility restoration. The BRC can serve to facilitate the flow of critical restoration communication to business owners, as BRC's staff are typically informed with up-to-date information on disaster response and recovery and have a relationship with the community's Emergency Operations Center (EOC). (For more information on EOCs, please see *Chapter 3, Disaster Preparation*). Conversely, their direct lines to the business community can facilitate the exchange of information back to government officials. Resources related to financing should include information on local loan options such as revolving loan funds, bridge loans, or favorable terms from a bank consortium or Community Development Financial Institution (CDFI).

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

8 **Mayor Bowser Launches New $40 Million "Bridge Fund" to Support Small Businesses**, Government of the District of Columbia, Executive Office of the Mayor, January 2022

More advanced efforts to implement a BRC include initiatives that seek to establish *pre-disaster* capabilities to integrate business assistance resources during more peaceful times. The value of this effort is that it builds day-to-day familiarity and trust between the business community and EDOs. Establishing these relationships as a core economic development function, rather than just in response to a disaster, positions communities to be more resilient to shocks and better enables them to communicate and share resources in times of need.

In light of the emergency of Covid-19 and the potential for similar crises in the future, BRCs must have the capacity to function on a virtual platform. Virginia's Small Business Development Center (SBDC) has developed an online Covid-19-centric BRC that allows business owners to assess their situations while providing guidance about necessary precautions and advising on universal business concerns like recordkeeping and marketing.[9]

Who Is Involved?

An EDO often takes responsibility for establishing the BRC in cooperation with regional, state, and federal partners including local Workforce Investment Boards (WIBs), SBDCs, and other Small Business Administration (SBA) representatives such as the local Service Corps of Retired Executives (SCORE), as well as representatives of other assistance programs as needed. If the disaster occurred in a community with a large industrial base, then the Manufacturing Extension Partnership (MEP), a program of the National Institute of Standards and Technology (NIST) may be involved.

In some states, SBDCs might take a leadership role; for more rural areas, the U.S. Department of Agriculture is likely to have representation at the center. Other representation may include alternative lenders such as representatives from CDFIs, non-governmental advisers like SCORE, specialized technical assistance counselors, and chambers of commerce, including African-American, Hispanic, and other racial and ethnically based chambers, to provide financial and technical assistance to small businesses.

9 Covid Business Recovery Center, March 2022

Delivering Technical Advice and Counseling to Impacted Businesses

Following a major incident, businesses must make critical decisions about how to reconstruct or salvage their business operations. In the wake of a disaster, new market realities emerge, presenting a host of both opportunities and challenges. In this environment, small business owners need counsel to avoid pitfalls and pursue the right opportunities. Small business advisors can help weigh whether businesses should take on further debt, particularly if their financial records are not in order. They also assist with connecting businesses to the best tools for their firm, provide market intelligence, and advise on finances and taxes. Small businesses may also need assistance in business planning, particularly in how to further market and promote their products in a post-disaster environment.

The BRC must be responsive to the needs of the business community for maximum effectiveness. For this reason, EDOs need to build a clear understanding of what approach will be most effective. For example, should business owners and managers go to a brick-and-mortar center for assistance? Or should counselors engage businesses on their premises with the technology, information, and documentation? Which services should be integrated as a service offering? Will there be dedicated connectivity with any one of a wide range of resources covering legal, taxation, zoning, permitting, capital access, workforce, or relocation assistance? This should be a part of the determination process in developing BRCs.

Types of Technical Assistance Services

Businesses need guidance in preparing their financial records to qualify for loans or grant assistance – such as a USDA loan, SBA loan, or a loan product from a private lender or CDFI. Tax and accounting preparation is a useful service to offer at BRCs. Additionally, financial advisers can discuss the need to restructure loans or how to request requirement waivers to federal assistance programs. Local EDO staff can aid in many other areas, such as resolving relocation issues to retain the business in the community. Other types of technical assistance, which may require specialized skills include human resource management, legal services, and the development of marketing plans.

SBDCs, local business colleges, MEPs, CDFIs, and other nonprofit organizations have often partnered to develop a comprehensive list of technical assistance providers or to provide their staff members to advise small and medium-sized businesses. It is important to establish a network of these support organizations so that they can quickly connect with businesses and get to work.

Resources for Business Recovery Centers

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

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

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

Steps for Establishing a Business Recovery One-Stop Center

The steps for establishing a BRC are outlined below. Ideally, a community will have conducted some pre-disaster preparation activities and talked about the process and lead agency for establishing a BRC. The steps are as follows and will be explained in detail below:

Step 1: Gather resources for financial and technical assistance

Step 2: Select a physical space that is centrally located

Step 3: Identify resources to increase staff capacity for BRC operations

Step 4: Set up an easily accessible method to access business recovery services

Step 5: Market BRC services to local businesses through both traditional and grassroots methods

Step 6: Prepare the paperwork

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

Step 8: Plan for the long term

Step 1: Gather resources for financial and technical assistance.

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

Typically, this information is collected and updated on one website, whereby all the other partnering organizations are linked and referred to. It can also be shared via hard copies, such as a flyer or brochure.

Step 2: Select a physical space that is centrally located.

Communities typically establish a physical business recovery center in the most impacted area to provide close access to affected businesses. The physical BRC should be in a different location than FEMA's Disaster Recovery Center (DRC). When employing a virtual model, the method is slightly different because the location of the "home base" is less relevant than the mobility, connectivity, and services offered online. After Hurricane Ida landed in August 2021, the SBA launched a Virtual Business Recovery Center to provide personalized loan application assistance for affected business owners while maintaining public health protocols of the pandemic; the VBRC had an active hotline 12 hours a day, 7 days a week for 25 Louisiana parishes.[10]

Since many small businesses have their personal property (e.g., home) linked with their businesses' assets, it is often important for the EDO to work with the state office of emergency management and FEMA to ensure appropriate referrals are being made to business owners who come to the DRC as a homeowner but will likely need business assistance as well. EDOs should also be prepared to equip and maintain a BRC at varying levels of intensity over a flexible period, as many businesses encounter rebuilding barriers long after local assistance centers have a shutdown.

Step 3: Identify resources to increase staff capacity for BRC operations

Providing sufficient staff capacity for a BRC can be an intimidating barrier for many EDOs during business as usual, let alone after a major disaster. After a disaster, there will likely be immediate demands for staff time and resources, mandatory responses to business and governmental inquiries, and EDO staff themselves might be personally impacted. Despite these challenges, EDO staff members will be relied on to respond to businesses' pressing recovery needs.

One way EDOs have been successful in meeting this demand is by viewing the BRC operations as an extension of their existing mission. By incorporating this responsive capability into their existing work, it becomes more plausible to engage in pre-disaster planning, building resource-sharing partnerships, and establishing recovery networks.

10 **SBA stands ready to assist Louisiana businesses and residents affected by Hurricane Ida; SBA Virtual Recovery Centers to open Tuesday, Aug. 31**, Small Business Administration, Aug. 2021

Step 4: Set up an easily accessible method to access business recovery services.

Having a variety of access points for business recovery services is recommended, as physical BRCs will not always be feasible, and business owners will have varying levels of comfort with online outlets. If possible, other means of communication should be established such as a telephone hotline or a number to text.

Step 5: Market BRC services to local businesses through both traditional and grassroots methods.

It is recommended that the lead EDO develop a marketing and promotion campaign to advertise the BRC's location (physical or online) and services. Traditional methods are important, such as a reference on your organization's website homepage and PR outreach to local radio, TV, and newspaper outlets. But it is just as necessary to have a transparent and engaging social media platform. Organizations that serve the public, along with leaders in high-profile positions, are increasingly expected to have an accessible and frequently updated online presence. By building a popular and educational profile, the BRC is establishing itself as a constant within its community. More information about how to engage on social media can be found in *Chapter 7, Crisis Communications*.

Grassroots campaigning—taking flyers directly to businesses, setting up public events in popular community or industry spaces—can also be effective. Canvassing directly to impacted businesses, other local EDOs, local government, and the public will help establish social capital in the community. Thus, when a crisis does hit the region, more people will already know and trust in BRCs.

Step 6: Prepare the paperwork.

Provide business recovery materials and loan/grant applications in relevant languages to assist major demographic groups in your community. If there are common forms or loss documentation required by major local insurers, responsible parties, or others to receive assistance, the center should become intimately familiar with the requirements and parameters for how to assist others in completing the necessary paperwork.

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

Consider offering mental health services and providing a brief mental health services training session to the center's staff. The psychological impacts of disaster can be severe, especially if there is a large social and humanitarian component. Business counselors must learn to pay attention to these types of needs, identify the warning signs that may appear, and connect those individuals with the appropriate mental healthcare resources. Sometimes, the most important referral a business counselor can make to a business owner after a disaster is for crisis counseling assistance.

Those managing the center must monitor their staff as well. The long hours of application training and assistance, incredible workload, and repeated exposure to trauma can rapidly impact mental health. Building in staff rotation schedules, externally enforced time away from front-line duties, and offering supportive elements can be critical to sustaining center activities for the duration needed.

Step 8: Plan for the long term.

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

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

Consider Accessibility

Having a mobile unit of disaster recovery resources allows business owners to stay in place and have the services brought to them. This is especially helpful in rural areas where driving times can be a prohibitive cost to businesses. Bringing a mobile unit to a rural town can save multiple business owners/managers' time and allow them to remain at their businesses.

For those communities that are not able to develop a mobile unit, a case management team system is a service approach that can address the needs of the businesses. Case management programs can be established within the first few weeks of a disaster. Case management allows business owners to receive assistance on their timetable and their property. Each case may last up to several years, and case managers follow through with each client until the recovery plan is completed.

Support staff of FEMAs Mobile Communication Office Vehicles serving USNS Comfort, Javits NY Medical Station, and NYCEM in the Covid-19 pandemic. 5-7-2022 Source: **www.dvidshub.net**

Delivering Business Recovery Workshops

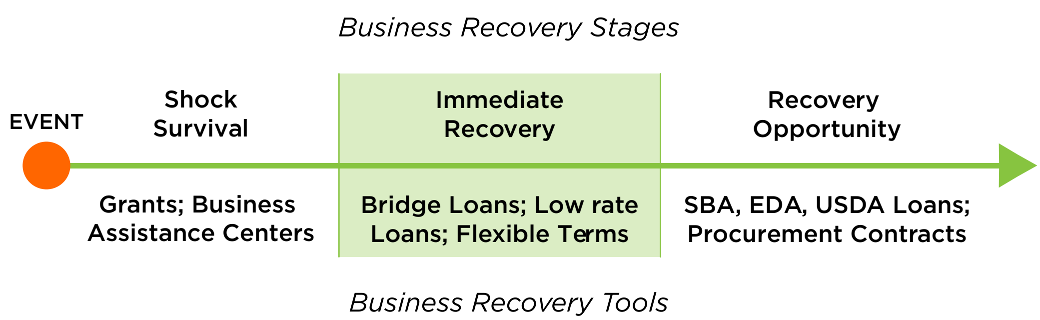
An EDO or chamber can hold workshops to address both common and unique recovery issues for local businesses. Workshop speakers should include representatives from local, state, and federal agencies. This includes groups such as the SBA, IRS, USDA Rural Business Program, SBDC, SCORE, local permitting office(s), and other local professional service advisers such as tax preparers and lawyers. 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.

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. After the massive 2017 wildfires in Northern California, Sonoma County Economic Development Board and the City of Santa Rosa launched a BRC, hosting an open workshop for all on SBA funds as well as regional programs--Wildfire Relief Fund, North Bay Fire Relief Fund, and the Creative Sonoma Recovery Fund—to assist in recovery and rebuilding efforts.[11]

Immediate Recovery

In Immediate Recovery, the second stage of assistance needed by businesses is financing that is easy to access in an expedited manner. Traditional commercial bank loans usually cannot meet these needs and are considered risky for small businesses in the immediate aftermath of a disaster. Furthermore, many small businesses cannot access commercial capital for a host of reasons including lack of financial documentation, low or compromised collateral, credit issues, and sometimes, simply the perception—not fact—of not being 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. Small, locally provided loans offer quick financing to enable firms to start working on rebuilding efforts

Figure 1: Post-Disaster Business Recovery Stages and Tools



In the short term, small businesses need access to financing with low interest and flexible terms. This is often termed “gap financing” as it provides businesses with working capital until they can secure funds from other sources, such as insurance claims and long-term financing sources such as SBA loans. 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.

Establishing a Revolving Loan Fund

A revolving loan fund (RLF) is a pool of public and private sector funds in which the capital is recycled to make successive loans to businesses. Loans made by an RLF are repaid with interest and the payments are returned to replenish the lending pool so new loans can be made. The continuation of the fund depends on the collection of existing loans. As a result, RLFs often need to be recapitalized to sustain the program.

11 County of Sonoma – Events, November 2017

Revolving loan funds (RLFs) are well structured for long-term financing since the repayment of old loans can be used to finance new loans. RLFs can be capitalized through private funds and public funds which include state and local appropriations or federal grants, with the three most common sources being HUD's Community Development Block Grant program (CBDG), the United States Department of Agriculture (USDA), and EDA's Economic Adjustment Assistance (EAA) program. Under this program, EDA's Revolving Loan Fund (RLF) Program, awards competitive grants to eligible recipients to capitalize or recapitalize lending programs that service businesses that cannot otherwise obtain traditional bank financing.[12] HUD's CDBG program can also be used to fund RLFs. CBDG-funded RLFs typically target job creation, particularly for those not typically represented in business ownership including people of color and low-income individuals.

The administrators of RLFs are typically EDOs or a consortium of EDOs, other business-serving organizations, non-profits, and CDFIs or other lenders. When developing an RLF, administrators have significantly more freedom to establish flexible loan terms and qualifying standards. RLFs can offer below-market interest rates, loan guarantees, and micro-loans, and can use alternative credit data such as utility bills or character references as qualifications for lenders. However, the fund should remain profitable enough to continue with recycled money.

12 Revolving Loan Fund Program, EDA, March 2022

VERMONT

Vermont is home to 7,000 farms and a strong community of farm businesses. In January 2011, Pete Johnson of Pete's Greens' barn burned to the ground. The community sprang into action, with individuals and organizations donating money to help Pete rebuild his barn. Afterward, Johnson partnered with the Center for an Agricultural Economy (CAE) to create the Vermont Farm Fund, a revolving loan fund, with the contributions he had received.

The farm fund would prove useful after Hurricane Irene swept across the Connecticut River Valley of Vermont in August 2011. Rain totals of 4 to 8 inches in some places contributed to flooding across central and southern Vermont.

At that time, the Vermont Farm Fund had been created, but had not yet launched a loan application process. Following Hurricane Irene, the staff expedited the process to provide emergency loans to disaster- impacted farms. Additionally, the fund opened for donations from individuals and organizations to increase its balance. One local foundation, the Waterwheel Foundation in Burlington, Vt., donated $50,000 to the fund.

In less than three weeks, the first interest-free emergency loans were provided. Many of the farmers who received the loans were vegetable farmers whose season had just ended. The farmers received a repayment grace period of up to one year (due to the crop cycles and ability to repay), with the loan to be repaid in two years. Loans were available to farmers throughout Vermont who could show proof of over $20,000 in annual gross sales (thus, no hobby farmers) and who had suffered an agricultural loss due to weather-related disaster or fire.

A majority of the loans were for $5,000 or $10,000. An advisory committee of six members from all across the state reviewed the applications and quickly make decisions. The applications were emailed to the advisory board who reviewed them and voted by email. Several loan applications were received immediately after the storm, with others continuing to trickle in through January 2012.

As of November 2013, 98 percent of the loans had been repaid, with none in collection. The Vermont Farm Fund is now able to provide innovation loans to help farmers and food producers with the costs of starting up a business. The fund benefits from the state's farm community culture, with farmers wanting to repay quickly so that fellow farmers can receive an emergency loan when needed.

Establishing a Bridge Loan Program

RLFs are a mechanism to provide small loans to businesses. Often those loans can be categorized as "bridge loans," that is, a short-term cash infusion that allows businesses to defray short-term expenses and survive until they can be paid back after receiving longer-term financing. A bridge loan is designed to provide no-fee financing with flexible terms so that businesses can have quick access to working capital. Local, state, or federally funded emergency "bridge loans" should be distributed to impacted businesses within the first few weeks after a disaster.

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

Outreach and Working with Local Financial Institutions

EDOs and chambers should reach out to a variety of lending sources such as local banks, credit unions, CDFIs, and other alternative financial institutions to identify available lending products, financial terms, and the reasons behind funding gaps. This information can prove useful in educating local businesses on the various sources of local funding available to them as well as determining if there is a need for additional alternative sources of funding.

It is recommended that the chamber and EDO leadership hold discussions with decision makers at local banks about potential solutions to lending challenges faced by small businesses. Local banks are unlikely to want to take on high-risk loans with small businesses that do not appear survivable on paper, particularly in a post-disaster environment where local markets may not be functioning properly. They may, however, consider creative options for lending that enable taking an equity position in the business in exchange for a low-interest or forgivable loan. This equity stake in a small to midsize business would provide an appropriate incentive for a small business owner to repay the loan.

CDFI and Other Alternative Financing

Private and nonprofit small business assistance providers like CDFIs can play a critical role in 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

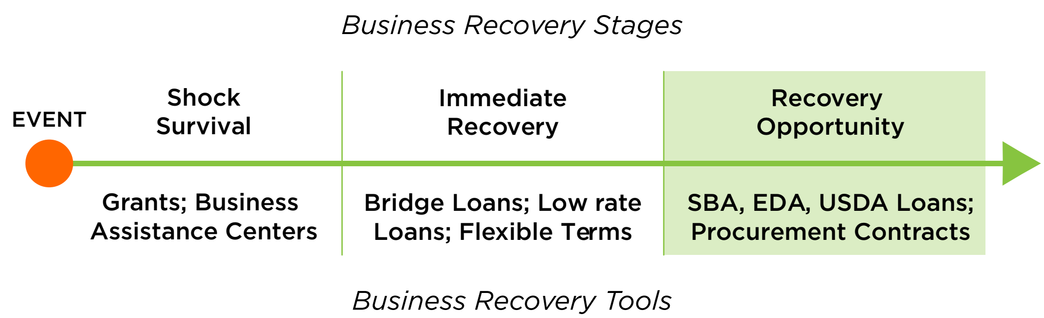
Before a disaster strikes, EDOs can bring local banks to the table to discuss the possibility of creating a bank consortium to provide a pool of funds for business recovery in the event of a future disaster. It is in the best interest of the banking community to help the local economy to recover so they can maintain a healthy source of banking customers. Banks do not 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.

Post-disaster lending is critical in helping the local economy get back on its feet and private financing plays a key role in that process. While federal loans and grants are invaluable sources of financing when a local community or region has exhausted its sources, federal resources are insufficient in meeting local needs. Federal lending programs can take a long time to appropriate funds and come with several requirements that may be difficult to satisfy. Private financial institutions can meet local business needs more expediently.

Recovery Opportunity

After business owners rebuild their property and reopen, their needs will shift to obtaining the necessary 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 federal loan programs from the SBA, USDA, CDBG, or EDA, insurance claims, local banks, renewed profits, or other sources of income.

Figure 1: Post-Disaster Business Recovery Stages and Tools



When the long-term recovery stage sets in, a small or midsized firm may have to adjust to a changing local or regional market, and thus may need to revamp its product or service, train its workforce with new skills, find new customers, and seek out new vendors. A local EDO, chamber of commerce, bank, or CDFI can manage these programs to ensure that businesses can operate long-term and continues to meet local business recovery needs as they evolve.

Federal Sources for Small Business Financing

Federal entities fund both individual businesses and programs that assist small businesses – for example, capitalizing RLFs. The list below explains how individual businesses can access financial assistance following a disaster. For federal programs that support programming, see *Chapter 8, Accessing Federal Resources.*

U.S. Small Business Administration (SBA)

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

SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. In addition to the Paycheck Protection Program and Economic Injury Disaster Loans (EIDL), SBA has launched several grant initiatives for businesses suffering from Covid-related loss—the Restaurant Revitalization Fund, the Shuttered Venues Grant, debt relief for existing SBA borrowers, and cross-program eligibility.[13]

With upgrades in technology and process, the SBA has shortened the timeline between disaster loan application submittal and approval from two months, as experienced after Hurricane Katrina, to approximately 2 to 3 weeks. For Covid EIDL loans, SBA committed to a 30-day turnaround between approval and receipt of loans of $500,000 or less; the cap of recipient funds was lifted from $500,000 to $2 million.[14] Furthermore, applicants can use the same online **Disaster Loan Assistance portal** to apply for all SBA loans.

Business Physical Disaster Loans

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

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

The SBA Business Physical Disaster Loan program covers disaster losses not fully covered by insurance and provides a lower interest rate for businesses unable to obtain credit. Repayment terms can be up to 30 years, depending on the applicant's ability to repay. There are incentives if you help reduce the risk of future property damage caused by a similar disaster. For more info on eligibility and terms, visit the **Disaster Loan Assistance** portal.

Economic Injury Disaster Loans (Working Capital)

The SBA EIDL program is for small businesses, small agricultural cooperatives, and private nonprofit organizations that have suffered substantial economic injury. If small businesses are unable to meet their obligations and pay their ordinary and necessary operating expenses, EIDLs are available to provide the necessary working capital to help small businesses survive until normal operations resume after a disaster. Currently, SBA's limits on unsecured disaster loans, which do not require collateral, are $25,000 for physical damage and economic injury; if applicants can secure capital, their maximum loan amount can be up to $2 million, for physical damage and economic injury combined.

13 **Covid-19 relief options**, US Small Business Administration, 2021

14 **SBA announces updated guidance regarding applicant deadlines Covid economic injury disaster loan**, US Small Business Administration, Nov. 2021

Regardless of whether the business suffered any property damage, the loan amount will be based on the business' actual economic injury and the company's financial needs, and interest will not exceed 4 percent. For more info on eligibility and terms, visit the **Disaster Loan Assistance** portal.

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

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

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

The **IRS Disaster Assistance and Emergency Relief** for Individuals and Businesses page has more information.

Procurement

The Stafford Act requires FEMA to contract with businesses located in the affected area when feasible and practical. State and local government agencies also have contracting opportunities. EDOs can help affected businesses enter the procurement process so they will be eligible for contracts in the area.

Local Contracts

Often, state and municipal governments will have pre-disaster contracts in place for anticipated needs. For example, pre-disaster temporary housing contracts may engage hotels, dormitories, or other facilities. Other services that may be provided through pre-disaster agreements include building inspections, grant writing, public transportation, and human services.

Pre-disaster contracts are advertised as procurements via public announcements and governments' websites. Another benefit to EDOs engaging with emergency management planning is that they can amplify contract opportunities to local businesses through their networks, thereby ensuring that local firms secure pre-disaster contracts. Any communication about contract opportunities should be sure to include requirements for registration in a database system and should highlight any advantages given to businesses classified as Minority and Women-Owned Business Enterprise (MWBE).

Federal Agency Contracts

To secure a contract from a government agency, businesses must be sure they are following the correct procedures. EDOs may refer interested businesses to the local Procurement Technical Assistance Center (PTAC), which are specialized, federally funded offices that serve as the bridge between government buyers and local suppliers.[15] PTACs can assist businesses in determining suitability for contracting, securing necessary registrations, identifying bid opportunities, writing proposals, and preparing for audits. Many EDOs have strong relationships with one of the over 300 PTACs in the United States, or even host a PTAC in their organization.

15 Association of Procurement Technical Assistance Centers, March 2022

Businesses interested in federal contracts can start by registering with the **System for Award Management**. . In that system, businesses should complete the Disaster Response Information section to be included in the Disaster Response Registry which is used by FEMA and the Army Corps of Engineers. Businesses should also fill out the Industry Liaison Program Vendor Profile form and follow the instructions to submit it to FEMA. Additionally, according to the Association of Procurement Technical Assistance Centers (APTAC), businesses should update their internet presence to make sure their website has the correct contact information and a clear description of the goods and services offered.[16]

Conclusion

Small businesses are crucial to local and national economies. The Covid-19 pandemic has exposed the vulnerability of small businesses to crises, natural or otherwise. However, EDOs can help by providing businesses with recurring resiliency training, advising on disaster preparation and recovery resources, and acting as dependable community stakeholders.

16 **Hurricane Disaster Contracting for Harvey and Irma**, March 2022

5

Business Retention and Expansion

Chapter 5: Business Retention and Expansion

Introduction

The economic fallout from disasters can be exacerbated by a lack of pre-disaster business continuity planning. Businesses are likely to face challenges due to sudden and severe impacts on employees, facilities, customers, and suppliers. Furthermore, communication channels can become disrupted and chaotic. The business community will look to the economic development organization (EDO)[1] for information on available assistance and the progress of recovery efforts. EDOs also play a pivotal role in advocating for the needs of businesses. Local businesses are more likely to call on an EDO for guidance and direction when they trust its capacity and authority.

EDOs' existing relationships with businesses are crucial in sustaining those businesses during and after a disaster. Assessing business resources and capability is particularly helpful for EDOs to determine pre-disaster planning needs. In addition to being an effective way to strengthen ongoing relationships with local businesses, business retention and expansion (BRE) programs can be used to train business owners to plan and be prepared for every phase of a disaster.

BRE is one of the key services an EDO offers. The primary objectives of BRE programs are:

- Understanding the needs of specific local firms, especially those firms that are at risk of closing or relocating
- Responding to those needs using a wide variety of services, such as technical assistance, workforce training or development, financing, and building new markets
- Addressing local practices or systems hindering businesses' growth potential[2]

Since BRE programs can provide a wide range of services to address different needs of businesses, their application in pre-disaster resilience and post-disaster recovery is very useful. At a minimum, they create a trustworthy network of resources and communication that can be deployed post-disaster. The timeliness of this information is important since many businesses will be forced to make quick decisions about opening, re-opening, closure, or relocation after a disaster.

1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

2 Business Retention and Expansion Manual, IEDC 2016

Business Retention and Expansion

BRE programs help businesses survive economic difficulties, assist them with expansions that add new jobs, and aim to increase their competitiveness in the wider marketplace.[3] Through BRE programs, economic development professionals and community partners seek to understand the needs of local businesses by continuously assessing the existing business climate and the physical, geographical, financial, technological, and human resource needs of individual companies within the community. The first step in establishing a BRE program is to conduct a community analysis considering strengths, weaknesses, opportunities, and threats (SWOT) from the perspective of businesses. The second is to conduct surveys, focus groups, door-to-door visits, and other qualitative evaluation methods to gain businesses' responses to targeted questions.

After that data is gathered, EDOs can intervene with strategies designed to retain and assist firms. These strategies must be calibrated. For those with acute issues, EDOs can take steps to facilitate technical assistance such as workforce training and assistance with digital and financial literacy. Other businesses may have needs requiring lighter-touch assistance such as referrals to resources.

Taking regional and historical consideration into the SWOT analysis may identify that the community, or certain populations within it, are more vulnerable to particular types of disasters. Running a BRE program with resiliency in mind should prompt EDOs to use a wide lens in the analysis phase; for example, seeking to integrate perspectives of emergency management professionals.

BRE surveys unearth underlying issues that can inform advocacy on behalf of businesses. Survey response trends, such as a general disdain for certain regulations, or lack of financing for businesses of a certain size, suggest that EDOs should take certain actions to improve the business climate, while also taking into consideration various environmental and social concerns. Survey results also point to potential steps to improve resiliency, if questions are strategically included to questions measure business preparedness.

Post-disaster, the BRE process has the same goal; to analyze the economic climate and survey businesses. But in this environment the survey may look different — for example, it could be shorter or collected on paper. Businesses that are already overwhelmed will have less time and mental capacity for thinking strategically. If EDOs have been conscientious in their past BRE efforts and have delivered better outcomes to businesses, those existing relationships will pay off. Businesses will trust that the EDO can deliver improved conditions and connections for recovery resources.

3 Business Retention and Expansion Manual, IEDC 2016

BRE: Disaster Preparedness and Resiliency

A BRE program can build capacity for pre-disaster preparedness and facilitate post-disaster recovery. Business information can be compared to information gathered during the SWOT analysis. For example, businesses' locations can be plotted with GIS on topographical maps that can be analyzed for flood risk. Additionally, a SWOT analysis will likely highlight industries that are more at risk due to economic trends or potential disasters. The most at-risk businesses could be targeted for specialized assistance in preparedness training.

When it comes to surveys, questions about preparedness can be explicit; either businesses have a business continuity plan or they do not. Survey writers should also try to draw out implicit knowledge that can help frame a business's post-disaster needs. For example, utility dependence can be assessed with questions such as, "Is electricity essential to maintain supplies?" For businesses such as restaurants or medical research labs, the loss of refrigeration is a major impact. Understanding which businesses depend on utilities that could be impacted by disaster could help determine where resources are needed in the recovery phase.

Questions to assess businesses' disaster readiness levels include:

- Do you have customer relations management (CRM) software?
- Do you have an updated business continuity plan (BCP)?
- What are the components of your business continuity plan (BCP)? Do you regularly review it?
- How much of your revenue do you allocate for your emergency fund?

Participants' responses can diagnose their level of risk for closure if a disaster hits. Early warnings include:

- No prepared BCP
- No CRM system or outdated CRM system
- No emergency fund or low emergency fund
- No offsite or digital back-up of important records (employee and vendor contacts, directory for city or emergency services, revenue and P+L statements)

Digital Security for BRE

As part of the EDO's own continuity plan, it should have a backup office location to use in the case of an emergency, as well as a cloud storage system 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 it may even lose the data permanently.

In a post-Covid-19 setting, it is extremely common for businesses to have a remote or cloud-based server, allowing owners and employees to function entirely off-site. More businesses and public agencies are backing up data in remote locations, and EDOs should do so as well. More information about digital security can be found in *Chapter 3, Disaster Preparation*.

Using BRE to Increase Businesses' Resiliency

The insights gained from the BRE process can inform how the EDO engages the community in disaster preparation. For example, if many businesses that take the survey indicate the lack of a business continuity plan, then an outcome of the survey would be to hold business continuity planning training. Other pre-disaster initiatives to take related to BRE survey results are listed below. Many of these strategies are explained in further detail in other chapters of this toolkit, and references to those chapters are provided. The BRE process should be used to prioritize which steps to take. Different steps may be appropriate for different segments of business (i.e. small vs. large businesses).

Preparedness strategies are listed below. Each is accompanied by italicized sample survey questions that can gauge the need for the strategy.

1. Hold a business continuity planning training

2. Encourage business self-assessments for insurance liabilities

3. Collect critical emergency contact information

4. Establish a tiered system for business re-entry

5. Set up collaborative post-disaster funds

1. Hold a Business Continuity Planning Training

Do you have an agreed-upon plan for what to do in case of an emergency?
Do your employees know where this plan is and what it contains?

EDOs should take a key role in providing business continuity training to local businesses and connecting them with resources such as the Insurance Institute for Business & Home Safety Open for Business E-Z (**IBHS's OFB-EZ**), a free guide to small and midsize firms. Small business owners are busy and may not feel they have the time or resources to prepare a plan. EDOs and chambers of commerce can help by holding workshops or webinars to disseminate important disaster preparedness information such as how to plan for business continuity, 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 plan. Careful thought should be given to a convenient time, location, and format of the event, as well as appropriate promotional efforts to maximize the number of business owners. These trainings can be conducted online or in person, and the EDO can provide links to free business continuity planning resources on their website.

Some types of links and resources that may be provided online are:

- Emergency links to local assistance (i.e. Red Cross, SBDC)
- Insurance coverage worksheets
- Tips on what to do before and after a storm
- Checklists of items to have on hand
- GIS-mapped flood zones
- Lists of approved contractors

2. Encourage Business Self-Assessments for Insurance Liabilities

Do you have business insurance and are you aware of what it covers? Are you located in an area that is particularly vulnerable to specific hazards such as tornadoes, earthquakes, flooding, or hurricanes?

Purchasing the correct insurance before a disaster can help businesses recover faster. Businesses should be aware of what types of losses their insurance will and will not cover. Many organizations are underinsured because they don't understand what their insurance policy includes in terms of coverage. Help businesses consider insurance coverage by posing questions such as:

- **Do you have the right type of coverage?** Most commercial property insurance does not cover flood or windstorm damage. Flood insurance involves a separate policy from the National Flood Insurance Program. This is particularly important for businesses operating in a floodplain.
- **Do the insurance rates seem comparable or reasonable?** Beware of companies that offer a 'low-ball' bid where the quote comes in 20 to 50 percent less than prevailing rates. This type of bid translates into either stripped-down service or a rate increase when the insurance policy comes up for renewal.
- **Has your business grown in recent years?** If so, you'll need to review the coverage for your organization in terms of expanded equipment or operations.
- **Is your coverage comprehensive with sufficient limits?** Do you have coverage to either rebuild the physical location of your business or replace fixtures at current replacement prices? After a disaster, your organization will not be in a position to compare 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.

More information about insurance can be found in *Chapter 3, Disaster Preparation.*

3. Collect Critical Emergency Contact Information

What is your cell phone number? Please provide the mailing address for your business.

Collecting emergency contact information can be built into regular BRE visits by the EDO's outreach team. It is best to collect multiple methods of communication: business phone, email addresses, social media accounts, and personal cell numbers and email addresses. Because some of this information can be considered confidential, and some companies can be reluctant to share it, it is important to convey data security efforts and build trust in all interactions.

When asking for contact information, BRE representatives should explain the importance of multiple forms of contact during a disaster. Disasters can knock out electricity, which limits Internet and email access. When mobile phones' calling features do not work because of downed towers, smartphones can sometimes still access the Internet and text messaging. Increasingly, social media has played an important role in disaster communication strategies. In the immediate aftermath of a disaster, Facebook and Twitter can deliver information to constituents immediately.

An online registration system is another way of collecting information. Businesses can register online and provide basic company information and alternative contacts before a disaster. The Small Business Administration (SBA) provides **guidance** on registering businesses with their state and municipality;[4] online registration systems can also be streamlined with some existing BRE software programs.

More information about communication strategies can be found in *Chapter 7, Crisis Communications.*

4. Establish a Tiered System of Business Reentry

Do you know if your business is located in a disaster-prone area?
Are there any sensitive materials stored at your business that would be destabilized without refrigeration?

When residents and businesses have been evacuated due to a major event, the local emergency management department may develop a tiered system for re-entry, usually with emergency workers and public safety officials returning first, then essential personnel, and finally citizens, including business owners. EDOs can advocate for designated business representatives to receive immediate or early access to their facilities to mitigate damages, protect equipment or inventory, or retrieve critical business systems.

Businesses that provide necessities, such as gas stations and grocers, also need early access before residents start coming back to the area. For certain types of businesses, it may also make sense to work with local utilities to establish plans to facilitate prioritized service. These efforts can help ensure that local businesses recover from a major event. More information on tiered reentry systems is available in *Chapter 10, Infrastructure.*

Tiered re-entry systems are designed by emergency management departments and often administered by local law enforcement. In the planning process, EDOs can make the case for businesses to be included in a higher tier and can have a role in coordinating business engagement by promoting registration in a tier system.

4 **Register your business**, SBA, 2022

5. Set up Collaborative Post-Disaster Funds

Do you have an emergency fund? How would you cover expenses in the case of a major disaster?

In a post-disaster environment, access to capital often means the difference between a business failing or surviving.
In the section below, EDO-driven programs such as business grants, revolving loan funds (RLFs), and bridge loans are discussed. But a robust plan to deliver post-disaster financial assistance must be collaborative, and collaboration must take place before a disaster. EDOs can instigate the formation of nonprofit business recovery funds and bank consortiums that will increase the types and amounts of assistance that are available in the community.

Bank consortiums enable private lenders to pool financial resources together into one fund balance and decide upon flexible, affordable terms for impacted businesses. Local sources of loans like this are important because while federal lending sources are substantial, they can take time to reach impacted businesses. Local financing can be flexible and move with speed to meet local needs. Local banks are part of the community, and they can see the financial struggles businesses are experiencing. While even sympathetic bankers cannot put their institutions at risk by making investments that may not be recoverable, they may be willing to participate in recovery financing if that risk is shared via a managed fund. This fund can be managed by an EDO or other nonprofit and include public and private resources and partners. Including banks in the planning process ensures that they are aware of the steps being taken to help safeguard the local economy.

Additionally, EDOs can set up nonprofit business recovery funds, to allow both community members and those outside the community to make donations. Depending on need, these donations can then be funneled into grants for projects that serve businesses. For more information about business recovery funds, see *Chapter 3, Disaster Preparation.*

Retaining Businesses after a Disaster

Even if an EDO has engaged in pre-disaster planning activities, a disaster creates a chaotic environment. Many businesses and EDOs are unable to immediately access their offices, the extent of physical damages is unknown, and shipments cannot reach warehouses and stores. The workforce cannot get to work, may have damage to their homes, and will likely worry about receiving their paychecks. Businesses will be trying to assess the damage, determine their insurance coverage and processes, find bridge financing to cover production losses, and determine their options for reopening. The needs are great, and resources will be stretched in every direction.

Tactics to Retain Businesses

An EDO should be ready with resources and knowledge for effective business recovery and retention. After a disaster, EDOs must quickly source recovery information, financial and technical assistance, planning resources, and determine the best method to deliver services to businesses. Clear and organized support from an EDO is the most effective way to help stabilize the business community in the aftermath of a disaster. Key activities for business recovery and retention are:

1. Survey local businesses
2. Establish a business recovery center and hotline
3. Deliver business recovery workshops
4. Communicate and provide outreach
5. Provide short-term and long-term financial services
6. Provide or facilitate access to short-term/gap financing
7. Facilitate access to long-term financing
8. Facilitate access to federal financial sources

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

While information-gathering is a key component in any BRE effort, surveys, focus groups, and business outreach must be used judiciously after a disaster strikes. Distributing surveys to distraught business owners in the wake of a disaster can come across as tone-deaf. Laith Wardi, president of Executive-Pulse, a BRE software company, explains that there needs to be multiple open doors to care for, assist, and gather information in the wake of a disaster. He explains that, in many cases, surveying may not be the best way to understand the situation or provide technical assistance.

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

Interviewers can keep in mind questions they would like answered and take notes to be entered into a database, but after a disaster, short business visits can become emotional. Bringing in crisis counselors and financial planners can be a helpful resource.

He also advocates for interviewers to work in teams. After a disaster, business owners may be frustrated and angry with local leaders and staff. They may also be experiencing physical trauma or an emotional crisis (e.g., letting go of an employee, grief over an injured or lost loved one). Working in teams can help interviewees to bear the emotional burden and process their experiences.

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

1. Survey Local Businesses

After a disaster, the EDO should survey local businesses as soon as reasonably possible to gain baseline information on the disaster's impact. The EDO should collaborate with its partners to disseminate a survey for local business owners to complete. The method of communication will depend on which communication lines are most reliable and may include direct mail, telephone, website, email, town hall meetings, conferences or workshops, surveying at the business resource center, local media, or door-to-door canvassing.

2. Establish a Business Recovery Center and Hotline

A business recovery center (BRC) is a one-stop shop set up to provide local, state, and federal resources and services for businesses after a catastrophic event. They typically include a suite of public- and private-sector partners such as SBDCs, SBA loan officers, business counselors, and other stakeholders that serve local businesses. Because their services are tailored to address business needs, they typically are established separately from a local disaster recovery center to avoid confusion with individuals needing social services. For more information on these centers, see *Chapter 4, Small Business Assistance.*

Establish a Business Recovery Hotline

In addition to a BRC, establish a telephone number or texting service that business owners can contact to get information about the center and its services. Make sure everyone working with the BRC knows the hotline number and that everyone answering the hotline knows what local, state, and federal governments can and cannot do. Businesses will need access to critical information for their recovery, such as a timeline for the restoration of utility services. Additional information supplied by the hotline could include inspection and rebuilding requirements, a list of local and state-licensed contractors, how to select and pay a contractor, and how to work with insurance companies. Businesses, particularly small businesses, also need information on how to navigate local, state, and federal government assistance programs such as those of the SBA, the U.S. Department of Agriculture (USDA), and the U.S. Department of Housing and Urban Development (HUD).

Develop Online Portal

EDOs should establish a web portal to facilitate communication among 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 portal can also allow displaced businesses to provide updated contact information.

Establish an Outreach Campaign for Priority Businesses

An outreach campaign is an important effort for assessing the business community's recovery needs, connecting businesses with resources, and engaging in major business retention efforts for at-risk businesses. Having updated cell phone numbers for executives and other backup contact information is critical.

Depending on the type of disaster, economic recovery stakeholders may want to reach out first to businesses that provide essential services in the local community, such as gas stations and grocery stores, as well as anchor institutions critical to the local economy. As businesses express their recovery needs during an outreach campaign, an EDO should advocate for quick responses to expedite utility services, reentry, and other solutions.

3. Deliver Business Recovery Workshops

An EDO or chamber can hold workshops to address both common and unique recovery issues. Workshop speakers should include representatives from local, state, and federal agencies (e.g., small business development centers, SBA, IRS, USDA Rural Business Program, and municipal permitting offices), knowledgeable community stakeholders (e.g., Service Corps of Retired Executives (SCORE,) local nonprofits), and professional service providers such as tax preparers and lawyers. It is also important to engage other economic recovery partners—e.g., other EDOs, business districts, and chambers of commerce—to create a more extensive network of resources and marketing channels.

The workshops can be implemented on a relatively small budget and can serve businesses on a local or regional basis. Local government facilities can serve as meeting spaces, and EDOs can advertise through their partnerships and existing communication channels. After the massive 2017 wildfires in Northern California, the City of Santa Rosa and the Sonoma County Economic Development Board launched a BRC, hosting an open workshop on SBA funds as well as regional programs (including the Wildfire Relief Fund, North Bay Fire Relief Fund, and the Creative Sonoma Recovery Fund) to assist in recovery and rebuilding efforts. An SBA-approved counselor was available to answer questions on insurance and rebuilding costs.[5]

4. Communicate and Provide Outreach

Communication is often challenging in a post-disaster environment. EDOs play two important roles in communicating with businesses in a post-disaster situation - as a receiver and as a transmitter. The first role is to listen to business owners and employees to understand individual and community needs, particularly those that might impede the recovery process. The EDO then becomes the primary source of information to share the business community's needs with local, regional, state, and federal officials.

The second role is to quickly disseminate information to businesses regarding available resources and the status of relevant recovery efforts. In a post-disaster environment, communication with businesses should be frequent, consistent, and provide meaningful and actionable information. More information about communicating with businesses can be found in *Chapter 7, Crisis Communications.*

5. Establish a Business Grant Program

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 to get businesses back up and running. A grant or forgivable loan can help speed recovery when a business is uncertain about incurring more debt. Funding for such a program typically comes from local or state resources, though there may also be funds available from private sources. Requirements for grants may be more stringent or tailored to a certain at-risk population.

5 **Fire Disaster Recovery Workshop**, Sonoma County, Nov 2017

6. Utilize Short-Term Financing

There is much that EDOs can do to help small and medium-sized businesses secure financing and technical assistance. In the short term, small businesses need access to gap financing with low-interest rates and flexible terms. This gap financing provides businesses with working capital until they can secure funds from other sources, such as insurance claims, federal disaster loans, and other long-term financing sources. Gap financing loans are typically made in smaller amounts than long-term financing, ranging from $5,000 to $25,000 for small businesses.

7. Establish a Bridge Loan Program

A bridge loan program provides working capital to businesses after a disaster and typically is paid back soon after the businesses have received other sources of funding. For example, the Florida Small Business Emergency Bridge Loan Program is activated by Florida's governor only in case of a disaster. Loans are made interest-free and with a cap of $50,000 per eligible applicant but must be repaid within 12 months. The program was established in 1992 after Hurricane Andrew and has been activated 24 times, most recently in September 2020 after Hurricane Sally made landfall in North Florida. Up to $5 million was available in the last application period.

Long-term Financing

As long-term recovery sets in, a small or medium-sized business may have to adjust to a changing 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-term and long-term financing mechanisms need to adapt to these specific, timely challenges. More information about financing is in *Chapter 4, Small Business Assistance.*

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

Establish or Repurpose an Existing Revolving Loan Fund

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

Repurposing an existing RLF specifically for disaster-impacted businesses can be an efficient way for an EDO to create financing opportunities. Established program criteria may be modified to meet the new needs, and staff can adapt existing program applications and processes. The EDO should consult with the RLF funding agency to determine its options for repurposing the fund for post-disaster business recovery.

Federal Financing Sources

Beyond funding for RLFs, federal departments offer numerous opportunities for accessing funding to support recovery and resilience efforts. These funds are discussed further in *Chapter 8, Accessing Federal Resources.*

For business owners, the Small Business Administration offers several different **loan programs** designed for specific recovery and rebuilding purposes. The loans are drawn on a 30-year repayment plan with no pre-payment fees and an interest rate capped at eight percent. Collateral is required on loans of more than $25,000. Businesses can **apply** online through a secure portal, over the phone, or with the help of a BRC staff member.[6] More information about these loans can be found in *Chapter 4, Small Business Assistance.*

Physical Damage Loans

Businesses of any size can borrow up to $2 million for losses, excluding what insurance payouts will cover. Funds can be allocated to repair or replace property, machinery, equipment, fixtures, and inventory. These loans can also be used for leasehold improvements and updates for code compliance, but they cannot be used for any kind of preventive measures.

6 **Disaster Assistance**, SBA, 2022

Economic Injury Disaster Loans

Economic injury disaster loans (EIDLs) are intended to provide capital to businesses with ongoing operational or financial commitments that, were it not for the disaster, would have been fulfilled. Applications are only granted to businesses that would not otherwise qualify for credit at financial institutions. EIDLs are the most common recovery loans for vulnerable small businesses, agricultural co-ops, and most non-profits. EIDL applicants can also borrow up to $2 million for losses, though if they are also receiving a physical disaster loan, the total of funds is capped at $2 million. More information on the EIDL program can be found in *Chapter 4, Small Business Assistance.*

Military Reservist Loan

This program is limited to businesses whose operations are reduced or stopped because their workforce has been called to National Guard duty. The loan is limited only to the loss as estimated by the SBA minus a business's private reserve and business interruption insurance. The cap is $2 million, though in extraordinary circumstances that limit can be waived by the SBA.

Effective Use of Incentives

Incentives can be used in times of disaster to provide a boost to less-impacted 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 investment in impacted areas. Local and state tax incentives related to property, equipment, and investment can also be used as financing mechanisms to reduce the chances of firms relocating or closing permanently.

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

State Incentives

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

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

Federal Incentives

Federal incentives can be helpful for private businesses and individuals interested in investing in a local communities' recovery. Examples of federal incentive programs include Opportunity Zones and New Markets Tax Credits (NMTC). Federal incentives are typically specific to an area, such as a low-income census tract. Economic developers can highlight available incentives for expanding or relocating businesses and can help those businesses understand how to take advantage of tax savings.

Conclusion

This chapter has outlined the way the BRE process can be a tool for disaster preparedness and recovery. Through direct engagement and assessment, businesses and EDOs have a better understanding of the assets and challenges facing their operations and their community. That knowledge not only helps businesses in their day-to-day operations but also helps them prepare for and survive a crisis.

Case Study: Invest Atlanta's I-85 Alive Business Rapid Response

On March 30, 2017, a massive fire beneath an I-85 bridge in Atlanta caused a 100-foot section to collapse, leaving a stretch of highway that runs through the heart of the city impassable. An estimated 525 businesses within a one-mile radius were impacted. These businesses had more than 13,000 employees and an estimated revenue of $12 billion, and they were located in three major business districts: Lindbergh, Piedmont Heights, and Cheshire Bridge. Businesses in these districts are predominantly retail establishments operated by small business owners.

Immediate Response

Within 72 hours of the collapse, Invest Atlanta—the official economic development authority for the City of Atlanta—surveyed local businesses and identified three key challenges: loss of customers, commuting delays, and delivery delays. Business owners reported the overall impact on their operation as a 4 on a 5-point scale.

Invest Atlanta's primary goal was to provide timely, relevant, and sustainable resources and support to area businesses most affected by the collapse. Businesses located within a one-mile radius were affected by traffic gridlock and detours that impacted their entire operation. Because I-85 is a major highway that runs through the city, employees, vendors, and customers had to take alternate routes and deal with significant delays during the five weeks it took to repair the bridge.

Invest Atlanta's BRE team organized the I-85 Alive Small Business Resource Event to deliver much-needed resources with more than a dozen business and community partners, including the SBA, SBDC, private banks, WorkSource Atlanta, and city officials. Additionally, they partnered with Lyft to offer transportation options and discounts to make it easier for workers and customers to access the businesses.

Ninety-six business owners attended the event and received free small business consulting, access to capital, review of insurance policies, construction updates, and technical assistance in operations, marketing, and accounting.

Challenges

The biggest challenge was the limited window available to coordinate a rapid response involving multiple partners and hundreds of businesses.

To be able to provide timely, meaningful support to affected businesses, Invest Atlanta employees at every level reached out to businesses with whom they had built connections in the past. To reach the more than 500 affected businesses, they employed all available outreach methods—phone calls, personal visits, social media alerts, email, and postcard mailings.

While one team reached out to affected businesses, another connected with Atlanta's senior business leaders, and others contacted government officials at the city, state, and regional levels to identify available resources.

Long-Term Strategy

Invest Atlanta engaged MasterCard Advisors to evaluate the long-term economic implications of the bridge collapse. Using survey results and feedback from MasterCard Advisors, Invest Atlanta created programming to help businesses become more resilient to unexpected events. This includes hosting Business Disruption Workshops to connect owners with available grant and loan programs when their businesses face unforeseen circumstances. Invest Atlanta also developed a streamlined action-response plan for future disasters and disruptions that affect multiple businesses.

Lessons Learned

The I-85 bridge collapse showed that many businesses were not prepared for large-scale disruption. They were not prepared for the loss of customers and did not have contingency plans in place for employees, vendors, and deliveries. Invest Atlanta's quick and focused response spoke to the organization's strong connections in both the public and private sectors.

The bridge collapse uncovered a new opportunity to provide ongoing support to startups and small businesses that don't have the expertise or bandwidth to prepare for unexpected operational disruptions. Invest Atlanta incorporated action-response programs into its range of resources to help businesses better prepare for and mitigate the fallout from unexpected events.

Invest Atlanta's I-85 Alive Business Rapid Response won an IEDC Excellence in Economic Development Award in 2018 for business retention and expansion.

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Assessing the Economic Impacts of a Disaster

Chapter 6: Assessing the Economic Impacts of a Disaster

Overview

Major disasters almost immediately elicit questions about the severity of their impacts on the local community and economy. Inquiries from different levels of government, the private sector, the media, and the public will inundate the affected area. In the US, impact assessments are conducted as standard practice. These assessments determine eligibility for state or federal disaster declarations, inform local decision-making processes, and display the severity of impacts to specific industry sectors and community assets (e.g., critical infrastructure, impacts to structures, housing, local government functions). Assessments help demonstrate the different ways a disaster has impacted a community, which can influence the resources that become available to the community. It is critical that economic development organizations (EDOs)[1] play an active role in these processes.

The National Climate Data Center, which is run by the National Oceanographic and Atmospheric Administration (NOAA), collects, assesses, and evaluates many forms of weather incidents and their impacts. It also evaluates the economic loss estimates from those incident, calculating the "total loss" value that often reaches into billions of dollars. To determine specific recovery and resilience actions, economic developers at the local, regional, state, and tribal levels need a more localized assessment of impact. They must also seek to evaluate industry-level impacts, changes in investment risk, local market conditions, workforce dynamics, or other topics that will inform the business community of changing conditions. Furthermore, impact analyses should track demographic trends because past disasters have shown disparate impacts on minority businesses and workers of color.

There are many different types, methods, and applications of conducting economic impact studies. While studies can be both quantitative and qualitative, this chapter concentrates on different types of quantitative studies as they are critical for internal decision-making as well as qualification for external resources. In addition to quantitative impact analyses, EDOs should engage in qualitative impact studies as well – such as interviews, surveys, and focus groups, which are discussed in detail in *Chapter 5, Business Retention and Expansion.* This chapter provides insight into the types, applications, components of a post-disaster economic impact study, how to develop the study, and other useful advice when implementing the assessment process

1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

**EDO'S ROLE
IN EDA'S NATIONAL DISASTER RECOVERY FRAMEWORK**

When the EDA is deployed to lead economic recovery under the National Disaster Recovery Framework (NDRF), the first activity performed is typically developing a Recovery Needs Assessment, describing the impacts on the regional and local economy. EDOs may be asked to assist with these assessments by supplying data and information. These assessments have similar methodologies to disaster impact studies.

The Purpose of Post-Disaster Economic Impact Studies

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

Public officials are assisted by:

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

HAZUS

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

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

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 labor markets and supply chains have been impacted
- Understanding how various sectors have been impacted

Types of Economic Impact Studies

The table below summarizes many of the significant types of more quantitative studies and their corresponding role in the recovery process. This information is intended to convey a broad range of assessments and there is ample room for adapting and customizing these and other elements to meet specific post-disaster needs.

Type of Assessment	Issue(s) Addressed	Typically Conducted by	Geographic Scope	Target Audience
Market study	Uncertainty of how the local market conditions may have changed	EDO, higher ed, consultant	Local	Business community
Economic impact assessment/analysis	Uncertainty of the full scope and economic consequences. Concerns about projecting tax revenue losses. Lack of economic data about impacted areas	Higher ed, consultant, government	Local, regional, state	Local/state government
Industry impact assessment/analysis	Concern about acute impacts to a specific industry, which determines how and to what extent to assess	EDO, consultant, trade group/ association	Local, regional, state	Business community, EDOs
Workforce assessment/analysis	Did incident create skills gap/surplus? Retraining opportunities? Impact on unemployment	Higher ed, workforce agency, consultant	Local, regional, state	Local/state government, higher ed
Resilience analysis	What actions can be taken to mitigate future impacts? What are the pre-existing economic conditions that may increase vulnerability or resiliency?	EDO, local/state government	Local, regional, state	Local/state/ federal government, private sector
Small business impact analysis	What impacts happened/will likely happen to small businesses? Changes to small business outlook?	EDO, SBDC, local/state government, higher ed	Local	Local/state government, EDO
Economic development assessment	Has the incident changed perception of the investment risk? What impacts happened to economic development efforts/programs?	EDO, government, consultant	Local, regional	Local government, EDO
Cluster or entrepreneurship analysis	Has there been any impact on existing or nascent clusters? Are there any "clusters of opportunity" that could be prioritized for recovery? Is there an impact (positive of negative) on business churn or innovation? Are there opportunities for diversification to increase future resiliency?	EDO, higher ed, local government, consultant	Regional, state	EDO, state government, higher ed

Without a clearly defined objective, the assessment could become overly academic and removed from the needs of the audience. The EDO and other stakeholders considering the need should carefully consider questions like:

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

Defining a Post-Disaster Economic Impact Study

Most post-disaster economic impact studies document the impacts using economic indicators such as physical property, business and industrial activity, loss in 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 number of resources available to conduct them, but all of these studies attach measurable figures to the damages incurred to a given area after a disaster. Other indicators that can be critical to gather are the "qualitative" issues that emerge after an incident that cannot be measured with numbers. Often the presence of an issue or perception of an issue can provide invaluable direction to inform future recovery efforts.

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

Post-disaster impact studies can take anywhere from several weeks to months to complete, depending on the scope of the analysis and the availability of the data. In cases of immediate need, communities have been able to retrieve basic information in a matter of a few days when the local government must provide a cost figure for the purposes of securing aid. This initial assessment should be consistent with the expectations of those impacted locally to make sure that the community is not grossly underestimating or overestimating the damages. It should be noted that there are clear and rather significant obstacles in constructing one accurate overall figure for a disaster's impact, particularly immediately following an event where the supporting data is absent or sparse.

In interviews with impacted communities and consultants who perform this type of analysis, they recommended that preliminary analysis should be followed up by more thorough economic impact studies approximately six months to a year after the event. This additional study allows for more realistic analysis of damages, particularly since federal data and figures may take three to six months to be updated following a crisis.

A common challenge for small and medium-sized communities is finding sufficient financial resources to conduct a thorough study. Communities that do not have the capacity to conduct this kind of study internally should seek outside resources for assistance. This will be discussed in more detail later in the chapter.

Traditional vs Post-disaster Economic Impact Assessments

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

The concepts of direct, indirect, and induced impacts are important, as they are often cited in discussions of policies' impacts. Below are definitions of these concepts, according to IMPLAN, a leading provider of economic impact data and analytical applications.

- **Direct Impacts or Effects:** "Direct effects are the set of expenditures applied to the I-O (Input-Output) **multipliers** for impact analysis. It is one or more production changes or expenditures made by producers/consumers as a result of an activity or policy. Direct effects can be positive or negative"
- **Indirect Impacts or Effects:** "Indirect effects are the business-to-business purchases in the supply chain taking place in the region that stem from the initial industry input purchases. As the industry specified spends their money in the region with their suppliers, this spending is shown through the indirect effect"
- **Induced Impacts or Effects:** "Induced effects are the values stemming from household spending of Labor Income, after removal of taxes, savings, and commuter income. The induced effects are generated by the spending of the employees within the business' supply chain"

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

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

The strategies used for determining the economic impact of a disaster can vary greatly based on:

- the magnitude of the disaster and the ability to measure all of its impacts
- challenges with limited data
- organizational capacity within the community to gather needed impact information
- a community's connectivity and bandwidth capacities
- 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 than individual development projects or policies because of the many events and market actions unrelated to the disaster which affect the larger economy happen concurrently. For instance, tracking the impacts of a major storm that inflicts wide-scale damage to supply chains and infrastructure is more difficult estimating the narrower impacts from a local development project such as the attraction of a new firm or construction of a shopping center. Traditional impact studies rely on simple models due to their limited scope while post-disaster economic impact studies require more sophisticated economic models to assess damage. Often these models depend on a high degree of specificity of post-incident impact data to fuel the methodology or establish critical assumptions. Some examples of that specificity include industry classifications for impacted firms, duration of business disruption, and percentage of diminished output over time.

Challenges in Conducting a Study

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

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

Data Availability and Reliability

The final result of the economic impact study relies on the quality of information and data that is input into the model. Typically, there is a delay between the time that data is collected in a post-disaster environment and when it is made publicly available. Federal sources of data may take six months to be updated – depending on the magnitude of the disaster. Relying on dated US Census information or other lagging federal sources will deliver an inaccurate picture of population and jobs in the aftermath of a disaster event.

In the case of information gaps or unreliable figures, realistic assumptions should be employed as a stopgap measure. When the data becomes available, the model should be updated to reflect more realistic numbers. However, data availability (or the lack thereof), should not be a roadblock for conducting some kind of economic impact study.

Overcoming the Challenges of Calculating Tax Revenue Loss

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

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

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

If the study is clearly defined to meet an obvious need of the recovery effort, the analyst should consider conducting a broader qualitative assessment as well. Often, sourcing information from a diverse pool of citizens and stakeholders through events such as economic recovery roundtable meetings can be pivotal to solicit locally driven impact information, especially in the short-term when there is a lack of immediately available data. While much of the data gathered in these meetings will be unverified and will not contribute to an empirical figure about the impacts, it can give the analyst a critical insight into the issues faced by the community. This information can then translate to further investigation for key topics and yield previously unknown data sources.

Communicating with Stakeholders

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

Potential solutions to communication issues include:

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

Communicating with stakeholders in the event of a major disaster is a vital component in any community's ability to be resilient and recover from an event. It is recommended that EDOs and chambers develop a communications plan *before* a disaster to be implemented in the case of a disaster. Plans for communicating with businesses where English is the second language should be considered in areas with high concentrations of immigrant or bilingual populations. Covid-19 has revealed that these are often some of the most impacted businesses in a community and need to be represented in post-disaster impact surveys and studies.

Funding a Study and Hiring a Consultant

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

A local community can also reach out to nearby colleges or universities to provide services at discounted prices, which also offer opportunities for faculty and students to provide skills. Additionally, if a local organization can demonstrate that there is a gap in the data needed for its assessment and primary research is required to fill the void, then it can also seek funding/assistance from foundations.

Many EDOs seek to conduct economic impact assessments by issuing a request for proposals (RFP) and outsourcing the requirement to industry consultants. In order to identify the best and most cost effective consultant engagement, keep in mind scope and breadth. The scope and goals of a project should be determined and made clear to the consultant at the beginning of the project – ideally in the RFP. This includes what the scope of geography should be as well as what type of analysis should be conducted. Secondly, the consultant should seek to connect with multiple stakeholders to complete the project, although the number of stakeholder interviews may be defined by the scope.

Expanding Organizational Capacity

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

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

Another approach is to build information collection into existing recovery efforts. For example, EDOs can disseminate an outreach survey at a Business Recovery Center. Such a survey can gather intelligence on how the local businesses have been impacted economically by the disaster and determine what programs or information they need, both in the short and long term. After a fire underneath the I-85 overpass in Atlanta, Invest Atlanta's Business Retention and Expansion team was quick to survey impacted businesses. From their survey, they organized the I-85 Alive Small Business Resource event to deliver much-needed resources to businesses within the impacted community. More information on the Invest Atlanta's recovery efforts can be found in the case study following *Chapter 5, Business Retention and Expansion.*

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

Effects on Data Collection

When telecommunications and the internet are impacted for a significant period, the response rates for business surveys are likely to be impacted. As a result, impact studies conducted directly after an event may prove to be inaccurate as time passes. In the aftermath of a disaster, business owners may have left, or may feel differently about their prospects as they continue to negotiate with insurance companies, or negotiate the changed nature of the market. Conversely, companies that were unreachable may have returned to their locations. Conducting business surveys can be time consuming, and the process of realistically collecting data should be contemplated in light of communication obstacles.

Similar to the lag in federal data, there can also be a disconnect between when state and local data is collected and when it is reported, as is the case with 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 useful long-term figures, such as population trends, might not be available for a period of time. Groups requesting or conducting impact studies should consider either allowing for a delay before beginning a study or conducting an initial report with a series of updates as more information becomes available.

Given these challenges, it may be most efficient (and accurate) to let at least one to two months to pass before commissioning a study – even though many disasters call for an immediate response when communities are seeking government aid. While it is a general rule of thumb that the longer the waiting period, the more accurate the data will be, leaders must balance the availability of good data with the exigency of the situations they face. In instances where immediacy is emphasized, those conducting assessments should remind the audience that the data is preliminary and hasty actions should not be a result of it.

The Process of Conducting Post-disaster Economic Impact Studies

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

Step 1: Defining the Geographic Area

The geographic scope can vary greatly for an economic impact study. It is typical that the party requesting the study specifies the boundaries of the economic area to be analyzed. As such, it is important for individuals requesting a study to know what outcomes they hope to achieve 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 Covid-19's impact on the Florida tourism industry would certainly have a different scope than a similar study focused on a tropical storm or hurricane.

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

- Cross boundaries. The area impacted may not be centered around a single metro area but between several metro areas with economic interconnections. The way location data is reported by federal sources can make it difficult to determine and report on overlapping impacts. There have been some innovative academic papers trying to overcome this obstacle.
- Consider impacts. The epicenter of destruction is not always the center of regional commercial activity. Disasters may affect regional commercial centers secondarily or tertiarily through supply-chain disruptions or shifts in consumer demands.

- Interdependence is inevitable. It is often advisable to broaden the scope to an area beyond the borders of direct physical damage, because of the regional economic interdependence. A broader area of scope also helps differentiate between resident and job transfers from one county to a bordering county within the region and transfers from inside the region to outside the region.
- Different types of disasters call for different geographic scopes. In the case of a hurricane, one may observe rings around the immediate area along the coast, around the areas that are ten miles inland, and around an additional 100 miles where evacuees may relocate. Such an approach may not be appropriate for other types of disasters.
- Non-declared disaster does not mean non-impacted. Federal funds will be limited to eligible counties that are declared disaster areas, even though the damage may cover a broader geographic region than just eligible counties.

Step 2: Selecting Indicators to Measure

There are three levels of analysis a study should consider: direct impact, indirect impact, and induced impact. The level of analysis, as well as the number of industries, must be determined in order to select accurate indicators for a study. This may vary depending on the nature of the disaster. A hurricane, for instance, is a large-scale event that will likely impact both property and a broad range of industries. An oil spill, on the other hand, will induce limited inland property damage and is likely to be tied to the energy, fishing, and tourism industries more than other sectors. EDA has worked with FEMA to develop Economic Recovery Indicators, which can help to inform an analysis.

Common Indicators

Among the common indicators included in impact studies are:[2]

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

2 Interviews (General Consensus)

Other Indicators

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

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

Step 3: Collecting Data

Public Resources

Government agencies dedicated to collecting data are generally viewed as reliable sources, with the understood caveats of a time delay. Professionals often look to federal data first, as the reliability of data generally increases as the level of data becomes broader.[3] Generally, the smaller the region observed, the more difficult it tends to be to retrieve accurate figures. Economic impact studies commonly include employment data from the Department of Labor's (DOL's) Bureau of Labor Statistics (particularly its Quarterly Census of Employment and Wages), economic modeling information from the Bureau of Economic Analysis, and other information as may be appropriate from the Census Bureau. Tax revenue data can be gathered from state and local governments' revenue departments and taxing agencies.[4] Regional and local economic strategic plans can be a useful source of baseline data and information on the data.

Data availability and reliability will always be a concern when performing a disaster economic impact analysis but tracking and storing local data can help overcome some of the data roadblocks that may arise during the beginning of the analysis process. The Data Center for Southeast Louisiana, a fully independent non-profit, keeps track of regional data for the greater New Orleans region, providing locals, elected officials, and scholars a central location for the majority of their regional data demands. The Data Center has kept reliable and updated data on Covid-19 in New Orleans, monthly population indicators, neighborhood data, and pre- and post-Hurricane Katrina data. The Data Center does not just collect and display this data, but it performs analysis on data trends, connecting the dots and making data more digestible for all audiences. Organizations like The Data Center will make it easier for their region to measure disaster impacts quickly and more precisely.

3 Rookard, M. (July 2012). Personal Interview by Carrie Mulcaire and Patrick Terranova.

4 Interviews (General Consensus)

Fee-for-service Resources

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

Primary Data

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

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

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

Extrapolate from realistic assumptions. When gaps of information exist or data is not credible, 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 communication. While e-mail or text messages can be an effective tool, consider employing other communication methods to reach local business owners. If businesses or workers are from different racial or ethnic groups, consider working with partner organizations and having material that is translated if necessary.

Seek partners. Chambers of commerce (including African American, Hispanic, and other racial and ethnic chambers) 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. The study should be approached not merely as an analysis conducted in a software program, but as a case study too.

Step 4: Analyzing Data

Input-Output Analysis

One of the most used techniques for quantifying post-disaster economic impact is input-output analysis. Input-output is a common method of explaining the dynamics at play in a local economy that illustrates how different industry sectors affect each other within a given geographic area. Set up as a matrix, input-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 other data, the user can extract tax revenue impact data from the overall impact analysis, impacts on particular industries, impacts on jobs, and impacts on overall GDP for the area.

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

Analysis Tools

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

Tool	Description/Benefits/Costs
REMI (Regional Economic Models, Inc.)	**Description:** REMI is the leading provider of state, local, and national macroeconomic analysis models and helps inform the impact of policies on people's day-to-day lives. REMI has five software models that can demonstrate economic impacts, each with their own specific niche. Software programs incorporate input-output modeling, as well as general equilibrium, econometric, and economic geography models. The PI+ model is REMI's most popular model, including all the key economic output variables and analysis tools needed for producing economic impact studies. Their Socioeconomic Indicators module (SEI) is becoming their most popular add on because it can demonstrate the effects of an event on different aspects of the community. **Benefits:** Provides comprehensive tools that can project 60-year outlooks. Includes demographic effects, and dynamic effects that occur over a multi-year period. The models are more robust than straight input-output models and can account 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. **Cost:** Varies by model and number of industries; For PI+, a three-month rental for 23 sectors is $16,500; $25,500 for 70 sectors; and $28,000 for 160 sectors. For PI+ with SEI, a three-month rental for 23 sectors would be $31,500; $40,500 for 70 sectors; and $43,000 for 160 sectors. (2022 Figures)
RIMS II (Regional Input-Output Modeling System)	**Description:** RIMS II is a regional economic model used by investors, planners, and elected officials to objectively assess the potential economic impacts of various events. The model produces multipliers that are used in economic impact studies to estimate the total impact of a project or disaster on a region. RIMS II multipliers provide a measure of the effects of local demand shocks on total gross output, value added, earnings, and employment. **Benefits:** 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 64 aggregated industries and 372 detailed industries. **Cost:** $275 for regional data, $75 for single-industry data. (2022 figures)
IMPLAN	**Description:** A software program created by MIG, Inc., with economic data organized as broadly as the national level to as narrowly as the ZIP Code level, which calculates economic impact. IMPLAN uses Social Accounting Matrices (SAMs) to calculate the dollar amounts of business transactions in a region as its measure of economic flow, which are based off regional transaction data that comes directly from businesses and government agencies. Measures direct, indirect, and induced impact. **Benefits:** 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 historical data sets as well as online technical support. Annual subscriptions include access to IMPLAN's cloud platform as well as annual data updates. **Cost:** Pricing for IMPLAN varies based on subscription packages, with single region plans starting from $2500 annually. IMPLAN works with you to determine what subscription package best fits needs. (2022 Figure)

Spatial Analysis

Often serving as a key input for an input-output analysis, spatial analysis can have many benefits. A spatial analysis will utilize a GIS software like ESRI's ArcGIS to integrate multiple forms of data into a single spatial context, often expressed as a map. Spatial analyses can be critical to not only identify hot spots of economic impact, but also areas that may or may not be more impacted because due to increased vulnerability.

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

Pre-Disaster Data Sources:

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

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

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

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

Post-Disaster Data Sources:

Survey Data. Direct site surveys of damaged areas can be geocoded to be included in other datasets. Additional surveys can capture business impact attribute data which can show trends of recovery issues geographically. There are shortcomings with survey data, like possible response bias as urvey respondents might fear providing data that might paint them in an unfavorable manner. Respondents might not also completely understand the questions and answer choices, impacting their responses.

Remote Sensing Data. Data collected from aerial surveys or satellites can be analyzed using complex algorithms managed by the federal government. These analyses can compare the visual data of pre-disaster conditions and extrapolate the post-disaster damage based on the updated images. Remote sensing data requires more specialized training and is a much more expensive data source than survey data.

Recovery Program Assistance Data. Program data on the number of applications for certain types of assistance can provide the best available post-disaster business impact indicators (except for direct site surveys) by demonstrating spatial patterns of demand for recovery assistance. One example are the statistics about registration in FEMA's Individual Assistance program and loan applications issued by the SBA. Similar to survey data, there are concerns of response bias that must be taken into account when analyzing the data.

Step 5: Reporting Data

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

- Be careful that studies are not 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 and answer questions. Point out positives of advocated positions but be straightforward about setbacks or uncertainties
- Ensure there is a communications strategy around the report making it accessible to the community

Determining Goals

Shaping the scope of a request for a study may prove difficult. In this case, consider asking an economist or local economic development district for help in developing a request for proposal (RFP) and recommending a methodology to review

MINNESOTA

In the past decade, the Minnesota craft brewing industry has exploded, going from 39 breweries in 2012 to 183 in 2019. In 2019, the Minnesota Craft Brewers Guild reached out to the University of Minnesota's Extension Office to conduct a study on the economic contribution of craft brewing to the state economy. Little did they know, this report would turn into an industry disaster impact analysis with Covid-19 just around the corner. Covid-19 brought unprecedented economic damages to many industries, in particular those that are built on crowd gathering like breweries.

To gather information, the University of Minnesota utilized a questionnaire with questions that pertained to breweries 2019 and 2020 economic activity. The 34-question survey asked about employment levels, sales, investments and community donations, events hosted, the business impacts of Covid-19, etc. From these surveys, University of Minnesota was able to utilize the data to make economic estimates for the impact of Covid-19 on the craft brewing community. In addition to the survey data, University of Minnesota utilized Bureau of Labor Statistics data to examine how alcohol and meal personal consumption expenditures for the entire country shifted due to Covid-19, providing some general context on the impacts of Covid-19 on the food and beverage industry. Overall, survey results showed an 18 percent drop in sales and 10 percent drop in employment across all breweries. Breweries were also handicapped when it came to investments, with 37 percent of breweries not making a single investment in 2020. To measure the total economic impact, University of Minnesota modeled an 18 percent decrease in beer production and food sales, a 10 percent decrease in brewery employment, and a 37 percent decline in capital investments. Based on the survey and other assumptions, University of Minnesota estimates that Minnesota lost $186.6 million in economic activity from brewers and 1,050 jobs were impacted by pandemic-related effects.

Utilizing surveys can be an effective and useful way to gather industry data straight from the businesses. The University of Minnesota's Extension Office likes to deploy surveys to gather economic data on specific industries and firms, like in their impact analysis on the effects of Covid-19 on Latino-owned firms.

RFPs. This will not only help determine proper goals for the study but can also provide a rational basis to follow when deciding between multiple consultants who may have different methods. After a consultant or group of consultants have been identified, the contracting agency should also review the proposed scope of the work(s) and make recommendations before a consultant is selected.

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

Evaluating Options

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

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

The Costs of Conducting a Study

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

The AUBER Network

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

AUBER's members engage in a diverse array of applied economic research, with many member organizations providing their communities with public presentations, forums, economic outlooks, and workshops in areas of interest to the business community. Many of their members maintain State Data Centers and facilitate public access to a wide variety of federal, state, and local data and statistics.

Their website provides a **member search service** to find local AUBER members and institutions, with links to current research and programming on economic studies and impact analyses.

Conclusion

Post-disaster economic impact studies are helpful in determining economic losses and demonstrating the need for outside aid and resources. This type of study serves a critical function in securing the resources necessary to recover from the event. Studies do not replace a long-term recovery plan but rather complement them. When pursuing this type of study, it is important to consider the constraints of time and resources raised above. The intelligence that is gathered from such an exercise will pay 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.

7

Crisis Communications

Chapter 7: Crisis Communications

Overview

During a time of crisis, effective communication will save lives and livelihoods. Traditional channels of communication are often challenged following a major disaster due to the disruption of telecommunications and transportation systems. They can also become overburdened by the volume of traffic, or rife with inaccurate or conflicting messages, especially in the age of social media. Without access to accurate, trustworthy, and timely information, businesses will be less able to respond to and recover from the crisis.

Rumors and disinformation can also spread quickly, greatly impeding effective response and recovery. For example, if a business owner hears a rumor that power will not be restored for four to six weeks, they may be very discouraged about recovering, when in fact the truth could be far more positive. Therefore, the business community needs to have access to active communication channels to and from local officials.

An economic development organization (EDO)[1] can serve a critical role in facilitating effective communication. Active engagement with the business community can assist with communicating needs to local officials, provide a platform to announce restoration status, and aid in distributing the most current and accurate recovery information. In this role, an EDO can serve as an independent and credible conduit for information from which businesses and government officials can make better decisions.

This chapter covers the pre-disaster actions that will prepare an EDO for effective communication. It provides the steps necessary to establish a crisis communications plan and guidance for carrying it out when a crisis occurs. Finally, the chapter presents post-crisis actions and strategies to facilitate a successful recovery.

1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

Pre-Crisis Actions

Success in assisting the business community during and after a crisis requires a high level of preparedness. There will be little time to gather materials, develop messages, or figure out who to contact in the wake of a disaster. It is thus essential that EDOs take pre-disaster actions to establish an effective crisis communications plan. These actions include establishing a plan for internal communication during a crisis; designating a communications team; coordinating with other local development organizations; becoming involved in government-led disaster management; identifying pre-existing plans, resources, and requirements.

It is important to remember that communication is not a process that can be simply planned, performed, and then considered complete. Communication is a process of achieving and maintaining mutual understanding through the sharing of information, needs, and opinions. By viewing crisis communications through this lens, EDO participants will be better able to anticipate and therefore prepare to meet stakeholders' needs.

Establish a Process for Internal Communication

Before an EDO can maintain and facilitate external communication, communication with businesses and community stakeholders, it must be capable of maintaining internal communication within the organization. EDOs should thus develop and maintain a robust business continuity plan. Business continuity plans are discussed in more depth in *Chapter 3, Disaster Preparation*. At a minimum, they should have:

- A system for backing up key office files and data and a method for accessing that information in different crisis scenarios. It may be valuable to have the backup located in the "cloud" or otherwise offsite and out of harm's way (particularly in areas that are subject to regular incidents such as hurricanes, floods, or tornados).
- Updated staff contact information, including evening/weekend contact details and a system for communicating with staff after a disaster.
- Current contact information for business clients, points of contact in media, government, and other relevant stakeholders.

Designate a Communications Team

It is often not bad or frightening news that causes panic during a crisis, but unclear, conflicting, and inconsistent messaging from a central authority. To avoid this outcome, EDOs should designate a person or team that will coordinate all crisis communications.[2] This person or team should be able to communicate the needs of business community stakeholders to those responsible for response and recovery and be able to convey accurate information about response and recovery back to businesses. Below are the core roles that should be filled, along with their associated responsibilities.

Designate a Spokesperson

The spokesperson will be the face of communications efforts, conveying essential information regarding recovery updates, efforts, and next steps. That person (or persons) must be familiar with and trusted by the business community and speak with *one, consistent voice.* The spokesperson will likely be the head of the organization. Much of this comes from preparedness at every step, and an understanding of the expectations and attitudes of the public and media.

Designate a Support Team

The communications support team will provide the backbone of communications efforts, assisting the spokesperson in the organization and facilitation of communication channels. Due to the unpredictable nature of a crisis, primary and backup members should be selected beforehand. This team is often led by a communications coordinator. Recognizing that most EDOs do not have the capacity for multiple roles, the following tasks can be carried out by an internal team, by a hired communications firm, or by a multi-organizational team.

2 Information on communication team member roles and responsibilities is adapted from the U.S. Agency for International Development's **Leadership During a Pandemic: What Your Municipality Can Do**

Team lead should:

- Manage release of information to the public and media
- Know incident -specific policy, science, and situation
- Serve as a liaison to government agencies in the production of press releases and the scheduling of news conferences and meetings
- Manage inquiries and requests from the media and coordinates logistics for interviews and conferences with media representatives
- Organize and facilitate regular meetings with business community to receive input about public response and communication messages
- Work with subject matter experts to create fact sheets, Q&As, and updates
- Address cultural and language requirements of special populations
- Compile information on possible emergency topics for release when needed

Support team should:

- Provide updates to the communications team
- Develop and maintain contact lists and call logs
- Produce and distribute media advisories, press releases, and other media materials
- Monitor local and national news media, as well as the public's response
- Ensure that crisis communication principles for building trust and credibility are incorporated into all public messages delivered through the media
- Manage and respond to inquiries and requests from the business community via emergency hotline and email
- Organize and manage a crisis response website or portal and maintains any other related links

Determine Organizational Roles for Communicating

Economic development organizations (EDOs), chambers of commerce, and other community partners for business and industry have their own separate but overlapping networks that they communicate with regularly. Each of these groups can play an important role by disseminating response and recovery information to business constituents through these networks.

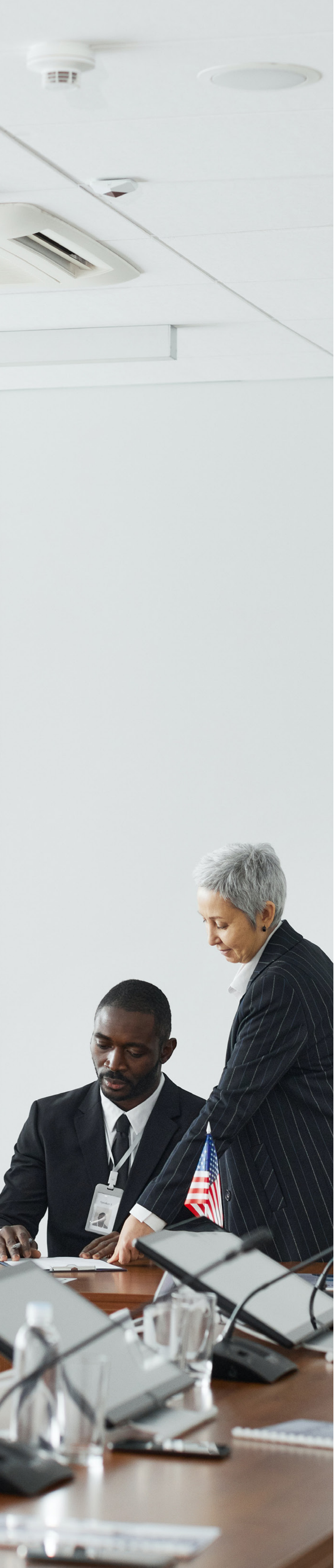
In times of normalcy, EDOs, chambers, and other community partners should convene to plan how they would coordinate communication with businesses when a disaster strikes. Advanced planning to discuss and divide up roles and responsibilities among partnering organizations – who will do what, with whom, how, and when – will ensure that communication with the business community is clear and consistent. A single organization should be designated to lead communications efforts and should be recognized as the lead for the business community by response and recovery groups. 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.

The lead organization's role is to:

- Facilitate the flow of correct information to businesses
- Coordinate concerted outreach to reconnect with businesses and identify at-risk companies
- Build relationships with and maintain current contact information for economic recovery partner organizations, as well as city, county, state, and federal partners
- Coordinate post-disaster media and recovery requests

Establish a Place at the Table

For EDOs to serve as the link between government-led emergency management and the business community, channels of communication must be established long before disaster strikes. EDOs and chambers of commerce need to have trusted relationships in place with businesses; only then will businesses be confident in relying on them for timely and credible information. In addition, an EDO should build relationships with groups responsible for response and recovery, so the EDO can become known as a trusted partner and link to the business community. (Government-led disaster management has been covered in greater detail in *Chapter 2, Disaster Management*.) Below is a review of the entities with which an EDO should have a working relationship.



Office of Emergency Management

An EDO staff member should participate in emergency preparation and planning activities in conjunction with their local Office of Emergency Management. This staff member can then share emergency response plans with the business community to help them prepare in advance and provide feedback to emergency managers on how crisis plans might impact businesses' ability to respond and recover.

Emergency Operations Center

When disaster strikes, a senior staff member from the lead EDO should serve at the local Emergency Operations Center (EOC) to get accurate information first-hand to relate to the business community. Relaying information back to the EOC about damage to businesses and what they need to recover is another important function of this EDO representative.

Most past crises have necessitated EOC activation only for short periods, but the Covid-19 pandemic has kept many EOCs operational for well over 12 months. This is just one of the many novel operational challenges that have caused a significant shift in EOC structure, often requiring greater, more direct coordination between the public and private sectors.[3] Regardless of the type of crisis, EDO representatives can play important roles in ensuring open communication flows between government entities and the business community.

Identify pre-existing plans, resources, and requirements

Local, state, and federal governments all have existing disaster response plans and protocols – for example, hazard mitigation plans at the county level, or federal Emergency Support Functions (which are covered in *Chapter 2, Disaster Management.*) It is essential that these plans are identified, reviewed, and used as a foundation for an EDO's plans and response measures. These plans may exist for general disaster response, but also for specific situations, such as a pandemic, or disasters to which a community is particularly vulnerable, such as hurricanes or tornados. Health and safety laws and regulations are also of importance and should be well understood. Having a thorough understanding of regulations, policies, programs, and funding forms and sources is a prerequisite to providing proper guidance to the business community.

3 **The future of Emergency Operation Centers: Six shifts to consider from COVID-19**, McKinsey & Company, July 2021

Creating a Communication Strategy/Plan Before a Crisis

Identify Communication Goals

Established goals are necessary for effective communication during a crisis. These goals should be simple, yet comprehensive of the concerns of all sectors within the business community. Important communication goals include:[4]

- Maintain trust between the EDO, local, state, and federal actors, and the business community
- Share important information regarding the crisis and its impact on the community
- Keep the business community informed of actions taken by the EDO and relevant government entities and answer questions
- Help the business community understand what it can do to respond to the crisis
- Counter the spread of disinformation and rumors
- Be prepared beforehand to respond to the communication challenges a crisis may present

Identify Communication Channels

During a crisis, a diverse range of stakeholders needs to receive and communicate information. A key responsibility of an EDO is to organize and facilitate this dense web of communication needs. To do so, the EDO should identify these audiences beforehand, understand their preferred methods of communication, and develop strong communication links. The communication channels that work best will depend on the characteristics of the community, the EDO, the crisis, and the audience. An EDO will likely have pre-established capabilities for mass communication apart from radio or TV (e.g., email list, app, text, or website). However, if these methods of communication are unavailable, other options include flyers or brochures and short-wave radio. EDOs should develop and maintain a directory of primary and secondary contacts for government, media, private-sector leaders, and other key stakeholders. Most often these lists are compiled in a Customer Relationship Management (CRM) system.

Communication channels must be identified and well understood before a crisis. A slow, disorganized, or unprofessional communication response will cast a negative light on an EDO, damaging its ability to steer the community through the crisis. A thorough understanding of key audiences will also help in the development and deployment of effective messages: Identify how a group is likely to be impacted, what information they will need, and what they will care about. Below are the primary entities an EDO should consider.

4 Leadership During a Pandemic: What Your Municipality Can Do, U.S. Agency for International Development, 2020

Business Community

The primary audience for an EDO. Consider how to reach each of the following sub-sectors of this audience:

- Executives or business leaders
- Store owners
- Small business owners
- Manufacturers
- Farmers
- Healthcare providers

Media

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 the disaster. Establish a relationship before a disaster strikes to ensure your message is covered. If foreign language media is present in the community (e.g., Spanish language) reach out to those outlets as well.

Local, State, and Federal Government

In addition to engagement with local and state government entities, it is necessary to maintain regular and active communication with state legislators and communities' Congressional offices. Keeping them informed helps EDOs advocate for support for agency actions, supplemental appropriations, and legislated waivers for existing requirements.

It is also important to engage with regional representatives of federal agencies and departments, including Economic Development Districts, EDA Regional Offices, and FEMA regional officials. More detail is provided in *Chapter 8, Accessing Federal Resources.*

Identify Materials Needed

Materials needed should also be identified and gathered before a crisis. This could include press release templates, fact sheets tailored to each form of potential crisis, visual materials or visual creation capabilities, and guides to accessing or applying to relief resources. Again, preparing beforehand is essential because an EDO will likely not have the time to gather and format these materials.

Practice Visualizing Communication Channels[5]

An effective communication channel with a group of stakeholders should form a loop – that is, information both going out and coming in. For instance, it is not enough to establish a strong channel to small business owners, but there must also be a way for small business owners to reach the EDO, such as a 24/7 hotline, email address, or website form, so that their questions and concerns can be heard. Any gap in this loop will hamper not just communication but trust as well, between the EDO, the business community, and governmental entities.

Communications Channels Mapping:

1. **Gather a list of all communication forms and channels accessible.** This may include channels that are not directly based in the community but have or could have a large footprint.

2. **List each group and sector identified in the *Identify Communications Channels* section.** Alongside these audiences, list the communication channels that will best suit their individual needs or circumstances. Separate lists should be formed for varying crisis situations. Do not forget to consider both communication channels to AND from these groups.

3. **Next, use these lists to compile a list of the communication materials needed.** This may include contacts within the local radio, or a supply of paper kept for flyers.

4. **Finally, complete and review communications channels/loops for each audience, noting and addressing any gaps or inefficiencies.**

Source: **Leadership During a pandemic: What Your Municipality Can Do (USAID)**

Responding to a Crisis

Determine Key Messages

When a crisis strikes, the EDO should develop key messages guided by the previously established communication goals. These messages should contain the information that is most vital to the survival and recovery of the business community. Key messages will also shift and change as the crisis progresses, so EDOs must be prepared and willing to review and revise messages throughout the crisis.

When considering key messages, ask:

- What does the business community need to know during and after a crisis? Recovery information is important, but other information may be more relevant at the beginning or middle of an ongoing crisis.
- What misconceptions or rumors are spreading and threatening the safety/recovery of businesses?

5 Leadership During a pandemic: What Your Municipality Can Do, United States Agency for International Development, 2011. 235

It is important not to overwhelm audiences. During a crisis, businesses, media, and government officials will have other priorities – including their own safety – and will have only limited ability to take in an EDO's message. For this reason, key messages should be brief, and limited to information that is necessary to convey. Try to limit key messages to three points at a time, such as the three most important developments, resources, or actions to take that must be conveyed. Prepare supporting points for each key message. If a key message is that mitigation efforts will help slow the spread of a pandemic, follow that point with specific examples of effective mitigation practices. The use of visuals, quotes from experts or authorities, examples, or stories will also help in conveying messages. These messages and their supporting points should be mapped out beforehand if possible.

These points should be raised often enough that the audience develops and retains a clear understanding of them. Take opportunities to reiterate and stress these key talking points, such as when answering questions or during closing remarks.

Determine Targeted Messages Per Audience

As previously mentioned, different types of businesses will need different types of information and will look to receive it in different ways. When developing key messages, consider these groups (e.g., retailers, manufacturers, executives, etc.) and whether they need general or tailored messages.

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 not less than once daily. Monitor Twitter for trends related to the crisis 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. New fields added during the Covid-19 pandemic allowed businesses to alert customers of changed hours or outdoor seating.
- **Blogs**. If your organization has a blog that has followers in target audiences, make sure it is updated frequently. During the recovery process, monitor 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.

Acknowledge Reality

If an event such as a tornado or hurricane is on its way or taking place, EDOs should acknowledge it on their usual communication channels (e.g., social media, email, website, phone recordings). Messages should mention the nature of the disaster, information about potential areas of impact, and if possible, when to check for the next update. The message does not need to be lengthy. For example, Visit Boulder, the Colorado city's tourism organization, used Facebook and Twitter to communicate with visitors and locals when a wildfire began north of the city, posting the following messages:

> October 17, 2020[6]
>
> *There is a wildfire burning in Boulder County north of Boulder. The fire is called the CalWood Fire and it began near Jamestown at about 1pm Saturday, October 17, 2020. The air quality is not good and outdoor recreation in the city is not recommended. The smell of smoke is very strong. Many roads and trails are closed.*
>
> *More info about the #CalwoodFire can be found thru the Boulder County Office of Emergency Management (OEM):*
>
> *Boulder Office of Emergency Management*
>
> **https://www.boulderoem.com/**
>
> *Our thoughts are with our Boulder County friends and neighbors who are affected by this severe situation.*
>
> October 19, 2020[7]
>
> *Update: There are now two wildfires burning in Boulder County north of Boulder. The largest one, at approx. 9,000 acres, is called the CalWood Fire and it began near Jamestown Saturday afternoon, October 17. It is about 15% contained.*
>
> *The second one, the Lefthand Canyon Fire, started Sunday, Oct 18 and has burned about 300 acres.*
>
> *The city of Boulder is not in imminent danger. Today the air quality is not good and outdoor recreation in the city is not recommended. The smell of smoke is very strong. Many roads and trails are closed in the county.*
>
> *More info about the fires, including maps, can be found thru the Boulder County Office of Emergency Management (OEM):*
>
> *Facebook Boulder Office of Emergency Management*
>
> **http://www.boulderoem.com/**
>
> *Our thoughts are with our Boulder County friends and neighbors who are affected by this severe situation.*

6 https://twitter.com/VisitBoulder/status/1317641686470717440

7 https://twitter.com/VisitBoulder/status/1318205619782914050

Sometimes it is not possible to provide all available information to stakeholders. It is acceptable to withhold information for reasons such as public safety or the potential for a criminal investigation. However, presenting information as soon as it is known helps avoid the spread of inaccurate information. Ideally there will be one official source of information on these essentials, usually the Emergency Manager.

Work with Media

The news media, depending on the relationships an EDO develops before a crisis hits, can be a valuable partner. The breadth of mass media – online, TV, or radio – means it can serve as a central channel for reaching diverse groups in the business community. However, as the crisis unfolds, outlets may differ in what they prioritize to report, and sometimes promote inaccurate information. It is thus important to develop a strong relationship with the media so that an EDO can provide context and corrections if necessary.

The first step to developing a positive relationship with local, national, or international media outlets during a crisis is to understand how the news media operates. An EDO should provide outlets with as much information as possible on the topics it would like to see covered. This may require setting up interviews or distributing fact sheets and media advisories. Information should be provided well before airtime (for radio and TV) or deadline (for print media) to give outlets time to fit it in.

It is also essential to understand and respect professional boundaries. While an EDO can pitch certain topics or angles, it can't tell a media outlet what to report on. Treating media representatives respectfully will increase the likelihood that they will want to share your information.

Responding to Rumors and Disinformation

An essential aspect of a media strategy is countering misinformation, which requires monitoring multiple outlets. Responses to misinformation should be prompt, firm, and unemotional. Responses should match the level of seriousness of the rumor or misinformation. An overblown response may have the opposite effect, giving the public the impression that the EDO is attempting to hide the truth.

Although the media and government play central roles in communicating important information to the public, employers also play a key role. According to a 2020 survey by Edelman, a public relations firm, 63 percent of respondents believed their employer to be the most credible source of

Rumor: Don't the vaccines work? Do they fail to prevent COVID-19?

Fact: Rigorous clinical trials have found that the vaccines currently available in the United States are more than 90% effective at preventing COVID-19 and are important tools to stop the pandemic.

Additionally, the COVID-19 vaccines may help protect you from getting severely sick even if you do get COVID-19. The more people who get vaccinated, the closer we get to having most people protected from COVID-19.

Get the vaccine when it is available to you.

Last updated February 17, 2021 | Source: FEMA, CDC

Rumor: If I'm vaccinated should I continue to wear a mask and social distance?

Fact: Even if you're vaccinated, it is possible that you might still get COVID-19 and pass it on to those who are unvaccinated.

Until experts understand more about how COVID-19 vaccines work in real-world conditions, you should continue to follow CDC recommendations on how to protect yourself and others from getting the virus.

Last updated February 17, 2021 | Source: FEMA, CDC

Source: **Coronavirus Rumor Control (FEMA)** information on the coronavirus.[8] Apart from identifying and responding to misinformation, EDOs can proactively prevent the spread of rumors by communicating information directly to employers.

Hotlines or fact sheets that include important information and commonly asked questions will be helpful in this effort. The Federal Emergency Management Agency (FEMA) produces useful "Rumor Control" web pages for all federally declared disasters, covering common rumors such as how to apply for assistance. A rumor control page has also been created for Covid-19, addressing vaccinations, access to PPE, and financial assistance.

Using Media Outlets

Ways to "Stay on Message"	
At the beginning of your interview say	"***I want to begin by saying that***… there are things people can do to keep the disease from spreading. They can wash their hands frequently; cover their sneeze or cough; if they are sick, wear a mask around others; and avoid public gatherings."
Sometime later say	"***As I said a moment ago***… there are precautions people should take to stay healthy. They should wash their hands frequently; cover their sneeze or cough; if they are sick, wear a mask around others; and avoid public gatherings."
When you answer a question say	"***That's an important question, but before I answer it I want to stress again that***… people can take a number of specific steps to help in this time of crisis. They can wash their hands frequently; cover their sneeze or cough; if they are sick, wear a mask around others; and avoid public gatherings."
At the end say	"***Before I close, I want to remind everyone***… to take the recommended precautions. Wash your hands frequently. Cover your sneeze and cough. If you are sick, wear a mask around others. And remember to avoid public gatherings where the disease can spread easily."

Source: **Leadership During a pandemic: What Your Municipality Can Do (USAID**

Press Conference[9]

Press conferences can be a valuable method for disseminating information, engaging the media, and projecting an image of leadership. However, they must be approached with caution. Lack of a clear message, or the wrong tone when fielding questions can hurt an EDOs image. Press conferences are appropriate when:

- Important news, or a time-sensitive message must be relayed
- A schedule of regular updates to the business community has been established
- There remains significant uncertainty during a crisis, and the business community seeks reassurance and leadership

Before the press conference, determine who will participate, what will be covered, anticipate questions, and plan which speaker will respond. Any private discussion among speakers should take place before or in a separate area. The press conference begins when the spokesperson or other speakers enter the room. The media will watch their manner and movements and listen to everything they say even if they aren't close to a microphone.

8 **Special Report: Trust and the Coronavirus**, Edelman, 2020

9 **Leadership During a pandemic: What Your Municipality Can Do**, United States Agency for International Development, 2011. 272

Developing Press Releases

Communicating with the media traditionally requires sending key information through a press release, media alert, or other proactive communication. As a common tool, developing press releases before a crisis can help the organization to structure appropriate key messages to convey under various scenarios.

The press release should include contact information for the communications coordinator, as well as contact information for agencies that are dealing directly with emergency response. Information from verified government sources should be included, but only if it is current and available. The press release should explain the role that the EDO will take in recovery and point businesses to resources such as business response centers and online tools.

The following tips will help to ensure success when using a press release:

- **Proof, proof, proof.** Credibility will be harmed by poorly written press releases. If possible, write a press release before a disaster to allow ample time for proofreading.
- **Use a wire service for distribution (if appropriate).** Services to distribute press releases to larger audiences can be costly but can provide direct access to media outlets not otherwise available.
- **Share everywhere.** In addition to sending the press release to an organization's contact list, it should also be shared on websites, social media, and even printed and distributed to community partners.

For example, two days after Hurricane Ida made landfall in southern Louisiana, Louisiana Economic Development issued the following press release:

> Dear LED Stakeholders,
>
> I wanted to reach out on behalf of the entire Louisiana Economic Development team to update you on state and federal business recovery efforts and to reassure you of our unwavering support in the immediate and longer-term aftermath of Hurricane Ida.
>
> Members of our team are in the process of reaching out directly to affected businesses to assess impact and assist with your recovery efforts. We also have established a Hurricane Ida business recovery resources page on our website, **OpportunityLouisiana.com**, that contains links to critical information about state and federal business recovery programs, as well as general information about hurricane recovery. Please bookmark the page, located **here**, which we will update with additional business recovery resources as they become available.
>
> I also wanted to make sure you are aware that a critical piece of federal business disaster relief came online Tuesday (Aug. 31) with the activation of U.S. Small Business Administration virtual business recovery centers.
>
> SBA customer service representatives are available to business owners and individuals now to answer questions about SBA's disaster loan program, explain the application process and help complete the electronic loan application seven days a week from 7 a.m. to 7 p.m. CT. The virtual recovery center can be engaged by email at **FOCWAssistance@sba.gov** or by phone at (800) 659-2955.
>
> Businesses of all sizes and private nonprofit organizations may borrow up to $2 million to repair or replace damaged or destroyed real estate, machinery and equipment, inventory, and other business assets. For small businesses and most private nonprofits, SBA offers Economic Injury Disaster Loans to help meet working capital needs caused by the disaster regardless of any property damage. Interest rates can be as low as 2.855 percent for businesses and 2 percent for private nonprofit organizations.
>
> For more information, go to the **Small Business Administration disaster assistance** page.
>
> My heart aches for the tremendous stress on our people and our state. But I am proud of our resilience and confident of our ability to meet this challenge. Thank you for all you do, and please let me know how our team can help you move your businesses, your stakeholders, and our state forward.
>
> Don Pierson, Secretary, Louisiana Economic Development
>
> Mark Lorando, LED Communications Director, **Mark.Lorando@la.gov,** 225.342.3437
>
> Ron Thibodeaux, LED Press Secretary, **Ron.Thibodeaux@la.gov**, 225.342.5145

Televised and Radio Interviews[10]

Interviews are one of the easiest, most direct, and least expensive ways to connect to the public through the media. Interviews provide a good opportunity to connect with members of the business community who may not be part of a network, as well as to provide information to the public regarding the status of businesses.

Some guidelines for interviews:

- Remember the key messages and the audience. Although the host creates the questions, take advantage of opportunities to connect back to key messages.
- Prepare before the interview. Writing down and rehearsing key points is essential to conveying clear and concise information.
- Start with the most important piece of information or statement. Interviews last only a brief period, and it can be easy to get off on tangents.
- Refer listeners to the designated crisis website, hotline, or other resources so they may learn more.
- Do not lose your temper. If faced with combative or accusatory questions, answer in a manner that refers to key messages.

10 Leadership During a pandemic: What Your Municipality Can Do, United States Agency for International Development, 2011. 272

Tips for Success When Working with Media[11]

- During and after a crisis, members of the business community will likely be anxious, confused, and potentially angry. Acknowledge fears, misery, and concerns. Being empathetic and sympathetic is essential to maintain trust, especially when communal bonds are tested.
- Express regret for any mistakes and avoid being defensive. No organization's response to a crisis will be perfect, and it is important to acknowledge any failures.
- Provide anticipatory guidance. If additional complications are foreseen, or as the crisis progresses and conditions shift, let businesses know what to expect.
- Stay focused. Although the spokesperson may be speaking to the media, it is the community's questions and concerns they are addressing. Try to establish a mental image of this audience.

Technical and Scientific Information

Depending on the type of crisis, the communication of scientific or technical information may be necessary.

- Avoid acronyms or jargon that the common person might not know. Remember to alleviate confusion, not exacerbate it.
- If an acronym or technical concept is unavoidable, explain it clearly whenever used in separate circumstances.
- Use familiar frames of reference to express size or measure of how much of something. For example, if expressing social distancing measures, express the length in a manner easily visualized mentally.

Speaking to Reporters

Speaking to reporters can be difficult and stressful for even seasoned spokespersons. Preparedness in terms of key messages and anticipating questions are key ingredients to a successful interview or interaction with a reporter. Below are a few of the tips USAID suggests remembering when speaking with reporters.[12]

- Avoid repeating any emotionally laden or inflammatory words that a reporter may use. If a reporter uses these words in a question, rephrase the question to be more neutral before answering.
- If you do not know an answer to a question, do not lie. Commit to finding an answer and move on.
- If a reporter presents information or makes a statement in which the validity is unclear, do not assume the reporter is correct. Commit to verifying the information or statement before responding.
- Even in the case of ambiguity, it is important not to use the phrase "no comment," as it tends to convey a message of guilt or fault. It is far better to state that specific details are currently unknown (e.g., "The situation is under investigation at the moment, so it would be premature to give you a statement. I'll be glad to do so as soon as we know the facts.") And then be sure to follow up.

11 **Leadership During a pandemic: What Your Municipality Can Do**, United States Agency for International Development, 2011. 269-277

12 **Leadership During a pandemic: What Your Municipality Can Do**, United States Agency for International Development, 2011. 275

Post-Crisis Recovery Actions and Recovery

Continue Outreach to the Business Community for Recovery

After a disaster, it is essential to communicate on all platforms to reach businesses with essential information such as the timing of restoring utility service; local inspection and rebuilding requirements; lists of licensed contractors; how to select and pay a contractor; how to deal with insurance companies, and more.

Businesses – particularly small businesses – also need information on how to navigate local, state, and federal government assistance programs, such as SBA and HUD's Community Development Block Grant Disaster Recovery (CDBG-DR) loans and other sources of assistance for capital.

Local business leaders also need to be aware of ongoing response efforts and involved in the planning process to rebuild the community. Even when decisions about the process have not yet been made by local government, it is still important for local officials to communicate with community stakeholders about the progress, rather than leave a vacuum which is likely to be filled with speculation and misinformation.

Web Portal for Businesses

In addition to Business Recovery Centers, websites work well as post-disaster economic recovery tools, ideally as a page on the lead economic recovery group's website. When creating a website:

- **Form a central source of information:** The lead group and all partners should promote the site to business constituents as the place to turn for key information post-disaster.
- **Create a business contact database:** A web portal can house a database where displaced businesses can provide updated contact information (easily achieved with free web tools).
- **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 the community.
- **Setting up a virtual office space:** Software such as Zoom or Microsoft Teams enable staff and members to have regular contact with each other and members of the public, share files, and continue day-to-day operations remotely.

REDMOND, WA

Redmond, Washington, was one of the first cities in the United States to be impacted by the Covid-19 pandemic and the business shut-downs that followed. Information on safety procedures and resources available from regional, state, and federal sources was spread across multiple websites, making access and safety compliance difficult for many business owners. To remedy this issue, OneRedmond created the Eastside Recovery Hub as a central platform that provided timely information from all relevant sources. This included the latest public health information, reopening guidelines for businesses, resources for businesses and workers, financial resources, and opportunities for lending assistance. In addition to this pooling of outside information, the Eastside Recovery Hub:

- Hosted 14 webinars through the recovery hub on topics such as PPP, EIDL, tax credits, and grant program overviews
- Provided virtual and in-person one-on-one meetings during which OneRedmond helped over 3,700 business owners and nonprofits access financial aid resources (including $1.8 million the City of Redmond offered in grants)
- Provided access to PPE, resulting in the distribution of 4,500 Safe Start PPE kits of 2.5 million masks and 38,000 bottles of hand sanitizer

The recovery was so successful that the U.S. Economic Development Administration provided OneRedmond with a $500,000 grant to expand its services and the hub's reach to all of King County. The hub now serves 23 cities and towns and has been rebranded as "One Eastside Spark".

Source: **OneEastside Spark**

Advocating for Access to Recovery Resources

EDOs provide a trusted conduit to inform local government officials about the needs of the business community and advocating for recovery resources in areas such as cleanup, financing, business counseling, and rebuilding. They can be a key connection point both to relevant programs and to elected leaders at the local, state, and federal levels.

Messages to elected officials should communicate the disaster's economic impact (quantified to the extent possible), convey any plans the community has made for economic recovery, and request specific assistance from appropriate agencies. Following are tips to use in communication strategies.

- **Use a post-disaster economic impact analysis.** An independent, third-party assessment of the disaster's economic consequences will support the community's efforts to secure resources from state and federal governments. For example, Galveston, Texas, produced a six-page recovery report one month after Hurricane Ike which included impacts to the community, an economic climate profile (pre- and post-storm), major initiatives taken after the storm; and issues to address going forward. The State of Louisiana and Greater New Orleans Inc. 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.
- **Determine which local, state, and federal departments are taking the lead on different recovery issues.** Do not 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 officials who can provide advice and resources.
- **Use surveys of the business community** to measure conditions and convey damages.

Developing a Messaging Strategy

External messages need to dispel common myths and, when appropriate, promote opportunity. In the wake of a disaster, it is important to inform audiences outside of the impacted region that certain industries are still functioning, or that the region is open for tourism.

Determine the target audience for the message(s) and seek funding to plan and execute the strategy. Marketing efforts to influence a community's image can cost thousands of dollars to more than $1 million to effectively reach their audience. Therefore, it is critical to understand the target audience and how to effectively reach them.

The target audience will 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

Focus on the Main Message

Often there is a need to implement an "Open for Business" messaging campaign. Through local, regional, or national media channels, the community can convey those local businesses are still operating and the community is in the process of recovery. Business successes in reopening should be communicated in a personalized story format and be provided within the context of community recovery.

ST. TAMMANY PARISH, LA

When Hurricane Ida hit St. Tammany, La., the region's EDO, St. Tammany Corporation, issued two surveys. One assessed the needs of local businesses shortly after the hurricane and a second assessed conditions 30 days later. Distributed through economic development partners, social media, and a hotline, these surveys allowed the EDO to inform decision-makers such as the parish president of recovery conditions and needs. For example, the survey results revealed that 97 percent of respondents reported their business was open 10 days after the hurricane; it also showed that restoration of utilities was the most common barrier to reopening among those that remained closed.

Ashley Llewellyn, director of strategic initiatives at St. Tammany Corporation, recommends:

Have a template prepared beforehand. The need to create a template during the disaster slowed St. Tammany's response efforts and drew attention from other vital tasks. St. Tammany Corporation has since created a template that can be adjusted and deployed quickly after a disaster.

Consider response rate determinants. When creating a survey, it is important to remember that respondents, especially business owners, will be extremely busy with other priorities during and after a disaster. Survey instructions should be easy to understand, and the questions should be quick to complete.

Present findings in a manner that is easy to understand. St. Tammany Corporation used graphs, charts, and other summaries to communicate key information quickly and clearly in stakeholder emails and other communications.

Following are suggestions for effective messaging:

- Discuss and promote noteworthy achievements during redevelopment and rebuilding. Groundbreaking events and ribbon-cutting ceremonies can have their own press release with a personalized story.
- Publicize information about incentives available for business investment. Mississippi used Gulf Opportunity (GO) Zone credits effectively to attract businesses after Hurricane Katrina.
- Aggressively promote any new business activity, such as a business expansion, in the national media. Construct and distribute a recovery story that is interesting and affirmative.

Long Term Recovery and Preparation

Take Time to Reflect

After a crisis has ended, it is important that EDOs take time to review the performance and effectiveness of their communications response. Were there certain individuals or populations in the business community that were not reached by communications? Did officials provide feedback regarding the EDO's communication about impacts on behalf of the business community? Was there a certain form of communication that worked especially well? EDOs may also wish to conduct a survey to gather feedback from the business community and other stakeholders. Once these shortcomings are identified, they should be used to refine the communications plan for future use.

Media Strategies

Communities need to understand how their post-disaster damage is perceived by the national public, and craft marketing campaigns to change perceptions when they are incorrect. Vivid images of the floodwaters, tornado damage, or other impacts often linger in the minds of Weather Channel and CNN viewers; keeping visitors and investors away when in fact recovery is well underway.

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, chambers of commerce, and others should regularly communicate about the local area's successes in recovery.

Mayors and city leaders sometimes make the mistake of using national media to point out local recovery problems as a way to make the case for additional financial resources. This backfires when local business and tourism leaders are instead aiming to send a more positive message about the community's recovery.

Media outlets will often report on the progress of a community's recovery on the first anniversary of the event as well as the fifth anniversary. Be prepared to develop a media strategy for the anniversary in connection with a memorial event. Make sure to develop a more personalized recovery story that is positive and powerful and helps to improve the community's reputation. An EDO may want to consider hiring a public relations firm to help. If the EDO does not regularly work with a public relations firm, consider having one 'on call' in the event of a crisis.

Community partners should be leveraged to communicate critical messages. The repetition of key messages by various public and private partners will go a long way in helping the media pick up on more positive community messages.

Conclusion

It important to remember that communication is not an activity that can simply be planned, delivered, and then checked off as complete. It is a continual process of achieving and maintaining mutual understanding between the business community, government, and the public. By approaching communications actions and strategies with this goal in mind, economic developers will be equipped to manage a crisis and help guide their community through the recovery process to a more resilient future.

Crisis Communications Checklist

Pre-Crisis Actions

- Establish a robust continuity plan for internal communication
- Designate a communications team, assigning roles and responsibilities, formed of a communications director, support team, and spokesperson
- Establish links with government-led emergency management, ensuring participation inclusion at the emergency operations center, planning by the office of emergency management, and coordination with state and local emergency support function
- Identify pre-existing plans, resources, and requirements

Creating a Communication Plan

- Identify communication channels to stakeholders in the business community, media, and local, state, and federal governments
- Identify materials needed to access communication channels in the event of a crisis
- Practice visualizing communication channels to identify and fill any gaps or inefficiencies
- Identify communication goals to meet in the event of a crisis

Responding to a Crisis

- Determine key messages using communication goals. Key messages contain need-to-know information and address damaging misinformation or rumors. Keep them short, succinct, and ideally limited to three at a time
- Determine key messages per audience
- Acknowledge reality both before and during a crisis
- Develop a strategy for working with the media

Post-Crisis Actions and Recovery

- Continue outreach to the business community during recovery. Communication should focus on connecting the business community with recovery services and resources
- Continue to advocate for recovery resources from state and federal governments using post-disaster economic impact analysis
- Develop a messaging and media strategy to dispel negative images of the community and attract tourism and investment

Myrtle Beach's Crisis Communication Plan

Background

Myrtle Beach, S.C., is a popular tourist destination with a population of around 30,000. As of the spring of 2015, only two hurricanes had hit Myrtle Beach in more than 100 years. Still, as a coastal community, the city decided it should prepare for a disaster and hired a consultant to put together resources for business and community preparedness. They organized a symposium with keynote speakers who had experienced disaster disruption and held sessions on business continuity planning, business interruption insurance, and the stress of a disaster.

A few months later, in the fall of 2015, Hurricane Joaquin blew into Myrtle Beach. Hurricane Matthew followed in 2016 and Hurricane Florence in 2018.

In the wake of these disasters, the Myrtle Beach Area Chamber of Commerce leads the city's crisis communication. The chamber stressed how important it was to communicate that businesses were open following the disasters. It provided "open for business" signage to let people know which businesses were open. The chamber's robust crisis communication plan allowed them to quickly and effectively distribute information via print media and online news outlets.

The Plan

The Myrtle Beach Area Chamber of Commerce and Convention & Visitors Bureau has a general Crisis Communication Plan (CCP) as well as a communication response plan that is part of the overall Hurricane / Emergency Response Plan (HERP). The CCP details how to respond to any crisis, while the HERP is specific to hurricanes and other natural disasters. There is also a crisis communication consulting firm that is on-call to assist with any crisis.

The CCP is updated each year with the latest contact information for the Communications Response Team (CRT), which includes senior staff and communications staff. The plan changes depending on the Operational Condition (OpCon) level of a threat. On June 1, the start of hurricane season, the CRT automatically goes into OpCon Level 1 to signify that they are aware of the possibility of a hurricane and have all contact information updated. From there, the action plan evolves depending on the OpCon level or aftermath situation.

There is also an Area Recovery Council (ARC) and an ARC Public Relations committee that includes public information officers and other communicators from across the Grand Strand region to ensure consistency in messaging. Sharing information and communicating consistent messages to the public, local media, social media, and stakeholders often becomes a challenge during an emergency.

In the aftermath of the disaster, the CRT may set up a command center to help provide a regular flow of updated information from a centralized source. During this time, the Convention & Visitors Bureau's national PR agency will help broadcast information to the media on a national scale, including messages in stages to communicate that the region is open for business. At this time, a hotline is also established to answer consumer questions.

8

Accessing Federal Resources

Chapter 8: Accessing Federal Resources

Overview

The federal government is an important ally in a community's recovery efforts after a disaster strikes, providing financial assistance and technical knowledge to increase the speed and efficiency of economic recovery efforts. Local stakeholders seeking to leverage the federal government's resources can be more effective when they understand some key components of the federal system.

The following chapter covers the budgeting process and funding mechanisms that potential recipients of federal funds should be familiar with, such as the Stafford Act. It also highlights the importance of relationships with federal partners in departmental and legislative contexts. Federal resources are a critical tool for economic development organizations (EDOs),[1] especially post-disaster. Understanding the process of applying for and administering federal grants is an essential responsibility of an EDO.

Establish Relationships

Economic development professionals should proactively develop relationships with regional, state, and federal partners at both the departmental and legislative levels. These entities provide information and access to federal funds. Governors' offices and state-level departments are also important contacts that can support proposal development and assist in accessing disbursements made to states. Additionally, connecting with other local and regional groups can improve on-the-ground resilience efforts and strengthen grant proposals.

Local and regional representatives of federal agencies should be engaged as partners in resilience activities. Federal agencies have different regional structures to govern their engagement with communities. The Federal Emergency Management Agency (FEMA) splits the country into 10 regions, made up of four to five states each, which offer programming and resources specific to that area. The Economic Development Administration (EDA) has six regional offices, each with staff and resources dedicated to promoting economic development in their respective regions. Other agencies' structures vary.

Relationships with congressional representatives, senators, and governors' offices provide connections through which EDOs can learn about federal funding opportunities and share successes engendered by federal programs. These entities have email newsletters and social media accounts that provide up-to-date information.

1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships, and the Economic Development Administration designated Economic Development Districts.

Establishing a relationship can be as simple as picking up the phone or sending an email. While communications throughout the year need not be frequent, it is important to initiate relationships during normal times so that they are in place when they are most needed.

State and federal representatives should be aware of an EDO's important work in the community and how the federal government plays a key role in that work. Local or regional offices of congressional delegates and federal agencies, for example, are important links through which economic developers can deliver information and requests. Because they are locally based, communication and direct interaction should be more frequent than that with offices in Washington, D.C. However, many EDOs also schedule annual visits to the nation's capital to keep up with legislators and federal officials.

Secretary of the Air Force Frank Kendall speaks during the Senior Enlisted Leader International Summit in Arlington, Va. 8-1-2022. Source: **www.dvidshub.net**

Understand the Federal Disaster System

Disaster declarations are formal statements from a jurisdiction's chief public official indicating that a disaster exceeds the response capabilities of a smaller locality within the federal system of government.[2] After this declaration is made, community leadership pursues a federal disaster declaration via the process outlined in the Stafford Act, thus setting federal assistance into motion. Although most declarations are made after the disaster, there are cases in which a declaration can be issued if a disaster is imminent.[3] There are two main designations for disaster declarations: *emergency declarations* and *major disaster declarations.* Emergency declarations are requested when state and local governments need help only responding to an emergency or disaster. Major disaster declarations are requested when the conditions for an emergency declaration are met, *and* there is an additional need for long-term recovery assistance.[4]

2 **42 U.S.C., §§5121-5207, §401a**, Stafford Act, *as amended*, and Related Authorities, May 2019

3 **How a Disaster Gets Declared**, Disaster Information, Disasters and & Assistance, FEMA, as stipulated by **42 U.S.C. §5192(c)**

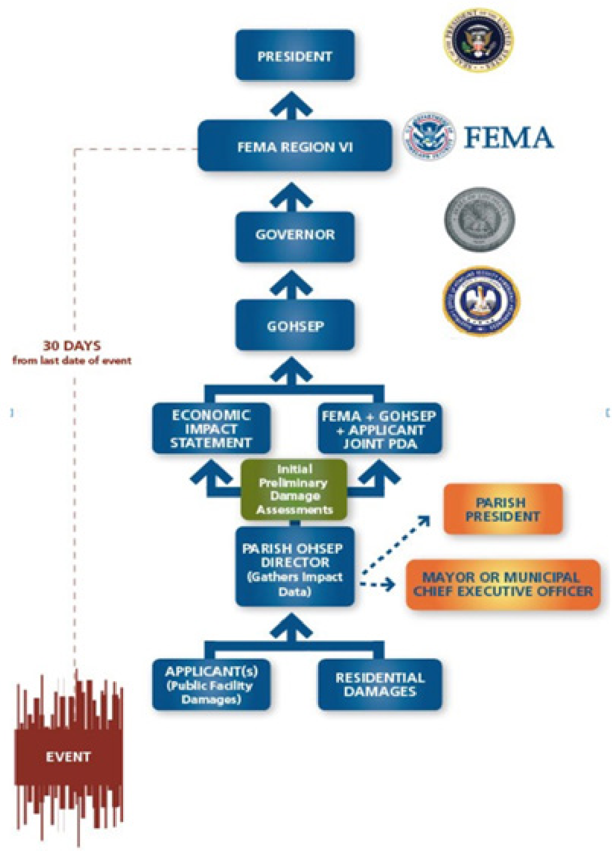
4 **44 C.F.R. 206.35(b)**, Requests for Emergency Declarations, Legal Information Institute, Cornell Law School; **44 C.F.R. 206.36(b)**, Requests for Major Disaster Declarations, Legal Information Institute, Cornell Law School; see also **Disaster Declaration Process Fact Sheet,** FEMA, May 2011

Stafford Act Process

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (referred to as the Stafford Act) governs how disasters are declared within the United States, its territories, and federally recognized Indian tribal governments. A disaster declaration triggers financial and physical assistance coordinated through FEMA.

The main tenet of the Act is that "All requests for a declaration by the President that a major disaster exists shall be made by the Governor of the affected State."[5] To make this request of the president, state or tribal governments first prepare a Preliminary Damage Assessment (PDA) in conjunction with their FEMA regional office.

This assessment outlines the extent of the disaster, the impact on the community, and what types of federal assistance can help alleviate the situation. The accompanying infographic from the Governor's Office of Homeland Security and Emergency Preparedness for Louisiana shows how this step can fit in with the larger process of declaring a disaster.[6] The specifics may vary from state to state (e.g., most states have counties, not parishes), but generally, local administrators will assist in collecting data for the PDA that the governor will submit to the federal government. There is a period of 30 days from the inciting event to submit a major disaster declaration request. FEMA can provide materials to assist in the preparation of the PDA.



Source: **State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness.**

Suppose it is shown through the PDA that local government resources are not enough to cover the damages of the disaster. In that case, the local government executive can then submit a declaration request to the president through the FEMA regional office. Though the PDA is generally completed before submitting a major disaster declaration, in the case of a severe or catastrophic event, the request can be submitted before the completion of the PDA. In those cases, however, assistance may be limited pending the completion of PDAs.[7]

5 **42 U.S.C. §§5121-5207, §401a,** Stafford Act, May 2019
6 **Declaration Process**, Louisiana Governor's Office of Homeland Security and Emergency Preparedness
7 **How a Disaster Gets Declared**, FEMA

In circumstances where the disaster exceeds the capabilities of a state government and the primary responsibility shifts to the federal government, the president can declare an emergency without a request from any of the state or tribal governments affected. This stipulation also extends to any natural disaster in which the president determines that there has been such significant damage that the combined capabilities of state and local governments cannot respond effectively.[8]

2019 MISSISSIPPI RIVER FLOODS: LOUISIANA

After flooding along the Mississippi River in 2019, Louisiana Governor John Bel Edwards sent a letter to President Trump requesting that a major disaster declaration be issued for the state. In this request, Gov. Edwards noted that, unlike other disasters that lead to federal declarations, the flooding in this instance could not be defined by a single, brief period. Instead, these floods resulted from increased rainfall throughout the Midwest and the Tennessee, Ohio, and Arkansas river valleys, in conjunction with increased snowmelt – all of which increased the amount of water flowing into the Mississippi River system that drains through Louisiana. The request was approved about a month later, allowing Louisiana to access federal resources throughout the state's recovery process.

For more information on the Stafford Act and how disasters are declared, visit **How a Disaster Gets Declared** *or* **A Guide to the Disaster Declaration Process and Federal Disaster Assistance**.

Other Federally Declared Disasters

In addition to the president, other federal officials can declare a disaster. The secretaries of Commerce, Health and Human Services, and Agriculture are empowered to declare disasters that enable different types of federal assistance. Additionally, the SBA administrator can declare a disaster to enable Economic Injury Disaster Loans (which can provide up to $2 million of financial assistance to organizations that suffer economic injury as a result of a declared disaster).[9] The administrator of the EPA can declare incidents related to water quality emergencies.

The secretary of Agriculture can declare an agricultural disaster because of crop failure, loss of livestock, or damage to farming structures or equipment. The declaration authorizes federal response through the Farm Service Agency and can allow additional resources to be authorized by Congress. Agencies often will link eligibility for their disaster program funds to the disaster declarations made by other federal agencies. For example, during the 2012-2013 drought that covered two-thirds of counties across the country, the SBA mirrored USDA's drought disaster declarations nationwide. This made Economic Injury Disaster Loans available to non-agriculture firms impacted by the extensive drought.

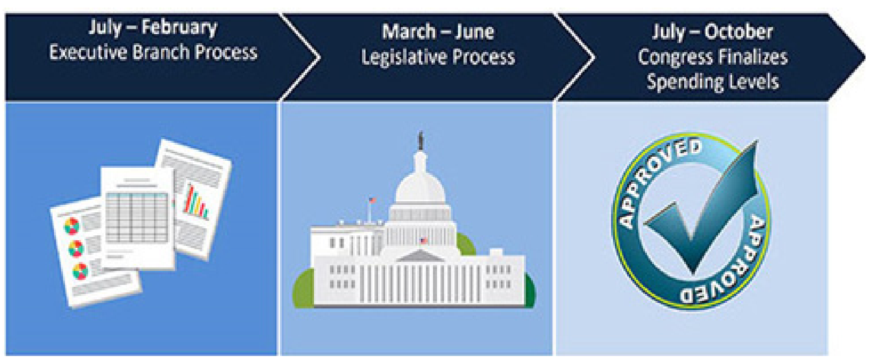
8 **How a Disaster Gets Declared**, FEMA
9 **Economic Injury Disaster Loans,** Benefits.gov

Disaster Funds and the Federal Budgeting and Appropriations Process

Most federal funding is divided between discretionary spending, which includes disaster funding, and non-discretionary spending (programs such as Social Security and Medicare). Discretionary programs are subject to the annual budget and appropriations process, which begins publicly with the release of the budget proposal from the White House in early February. Both chambers of Congress then debate the proposal and, if they adhere to a strict interpretation of the process, pass budget resolutions setting a cap for discretionary spending in the coming fiscal year.[10] In the budgeting process, Congress is likely to appropriate funds to the Disaster Relief Fund (DRF), which FEMA distributes.

When a large disaster occurs, funding for the DRF may be augmented through disaster supplemental appropriations. Supplemental appropriations direct additional funding to exhausted or nearly exhausted federal funding for disaster recovery. These appropriations go beyond the regular agency budgets authorized in annual appropriation bills and may be subject to additional federal requirements. Congress can also appropriate funds to accounts administered by other federal agencies, but these funds are not distributed to agencies on a yearly basis or for every disaster. This supplemental funding covers medium- and long-term recovery efforts and is distributed through existing federal agencies such as EDA, HUD, DOT, or USDA and their programs.

To anticipate what funding will be available for major disaster declarations, it is helpful to monitor when federal funds are obligated and distributed through the sources mentioned below. Typically, funds are disbursed to a state agency for distribution among affected communities. Local stakeholders should track and advocate for the efficient and equitable disbursement of such funds at the local level. Commonly, email communications from the federal organization or the Federal Register will contain relevant updates for funding opportunities.



Source: **National Science Foundation**: The Federal Budgeting and Appropriations Process.

The above visual gives a very basic overview of the timeline of federal budgeting to help clarify what part of the federal government is modifying the budget at a certain time.[11]

10 **Policy Basics: Introduction to the Federal Budget Process**, Center on Budget and Policy Priorities, April 2020

11 **Federal Budgeting and Appropriations (Accessible),** NSF & Congress, About NSF, National Science Foundation

The federal budgeting and appropriations process can be difficult to comprehend; for more information on it generally and the Disaster Relief Fund specifically, please refer to these sites: **The Federal Budget Process**, **Federal Budgeting, and Appropriations Process**, **Congressional Research Service: Disaster Relief Fund Overview and Issues**, and **Planning, Programming, Budgeting, and Execution (DHS.gov).**

Federal Agencies and Departments

Certain federal agencies and departments are often marshaled to aid and funding after a disaster. FEMA serves as the coordinating agency when a disaster is declared. Other entities that take a lead role are the U.S. Economic Development Administration (EDA), which is housed in the U.S. Department of Commerce; the U.S. Small Business Administration (SBA); the U.S. Department of Agriculture (specifically the Rural Development Disaster Assistance program); the U.S. Treasury Department's Community Development Financial Institutions Fund (CDFI Fund); the U.S. Department of Housing and Urban Development's Community Development Block Grants for Disaster Recovery (HUD CDBG-DR); and the Department of Labor's Dislocated Worker Grant. Additionally, the Internal Revenue Service can provide tax relief for taxpayers affected by a major declared disaster.[12]

Federal Emergency Management Agency (FEMA)

The Federal Insurance and Mitigation Administration under FEMA offers a variety of programs to identify, reduce, and mitigate risk from disasters – including hazard mitigation, flood mitigation, and pre-disaster mitigation programs. Beyond that, the Building Resilient Infrastructure and Communities (BRIC) program supports states, local communities, tribes, and territories as they undertake hazard mitigation projects. FEMA posts a Notice of Funding Opportunity each year on the **Grants.gov** website to help outline available resources.[13]

Please see the companion Workbook for a fuller list of federal agency and department programs for economic recovery and rebuilding following a disaster.

Individual Assistance staff help Hurricane Maria survivors at the shelter in the John F. Kennedy school, apply for disaster assistance with FEMA. 10-2-2017. Source: **www.dvidshub.net**

12 **Planning for Economic Recovery**, Instructor Guide, FEMA, February 2021
13 Ibid.

Economic Development Administration (EDA)

EDA is the only federal agency solely focused on economic development. EDA has a long history of assisting communities with recovery and resilience, which is also one of its investment priorities.[14] As stated on its website, "EDA's role in disaster recovery is to facilitate the timely and effective delivery of Federal economic development assistance to support long-term community economic recovery planning and project implementation, redevelopment and resilience."[15]

EDA has a broad set of programs addressing recovery and resilience. It sponsors research and resources, such as this toolkit and several online databases. It provides planning grants to help communities prepare for disasters. It also provides grants to initiate and fund programs that increase resilience, such as the Revolving Loan Fund program. EDA also provides assistance targeted to regions facing adverse economic changes. For example, the Economic Adjustment Assistance program provides a wide range of technical, planning, and public works assistance through strategy grants and implementation grants.[16] Furthermore, under the National Disaster Recovery Framework, EDA acts as the coordinator of the Federal Economic Recovery Support Function. In this role, EDA coordinates federal partners and resources for economic recovery, particularly in catastrophic disasters when the ERSF is formally activated by FEMA.[17]

Also under the Department of Commerce is the Minority Business Development Agency, the only federal agency solely dedicated to the growth and global competitiveness of minority business enterprises. MBDA invests in a national network of Business Centers, Specialty Centers, and grantees. Their programs offer customized business development and industry-focused services to provide greater access to capital, contracts, and markets for minority populations. They also provide grants to help minority businesses prepare for and recover from disasters.

Small Business Administration (SBA)

For small business loans, the first place to look is the SBA. The SBA can provide low-interest loans to homeowners, renters, businesses of a range of sizes, and private nonprofits. A major disaster recovery program under the SBA is the Economic Injury Disaster Loan (EIDL) program, which was expanded under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to help businesses during the Covid-19 pandemic.[18] Through the EIDL program, the SBA makes loans directly (without outside lender involvement) for the repair or replacement of business assets such as property, machinery, equipment, or inventory that are damaged or destroyed in a declared disaster.

Rural Development Disaster Assistance

The USDA's Rural Development Disaster Assistance program is another federal source of small business financing and support. It is explicitly for post-disaster community economic recovery purposes including revolving loan funds, technical assistance, commercial lending, or energy programs.[19]

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14 **Investment Priorities**, Economic Development Administration, EDA.gov
15 **EDA and Disaster Recovery,** Economic Development Administration, EDA.gov
16 **Economic Adjustment Assistance Program**, Economic Development Administration, EDA.gov
17 **Economic Recovery Support Function (RSF)**, Field Operations Manual, EDA, June 2021
18 **Guide to SBA's Economic Injury Disaster Loans**, U.S. Chamber of Commerce, March 2022
19 **Planning for Economic Recovery**, FEMA

Small business leaders network during the 9th Annual Small Business Industry Day at Tennessee State University's Avon Williams Campus in Nashville, Tenn. 3-6-2019. Source: www.dvidshub.net

Department of Treasury CDFI Fund

The Department of the Treasury's CDFI fund is a federal source for small business financing. The fund specifically awards either technical assistance or financial assistance awards to establish a CDFI as part of the larger network of CDFIs across the country. The capital from the CDFI is meant to promote economic development, job creation, and the development of businesses and commercial real estate. Existing CDFIs that are already present in a community's region can be helpful partners in creating and executing a recovery strategy.[20]

Housing and Urban Development (HUD)

HUD offers significant funding through its Community Development Block Grants for Disaster Recovery program (CDBG-DR). This program is used for presidentially declared disaster areas and low-income communities. Similar to non-disaster CDBG funding, projects must meet one of three national objectives: benefiting low- and moderate-income persons; preventing or eliminating slums or blight, or meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.[21] Within those constraints, however, the grants can be used for various functions, including housing, economic development, infrastructure, and prevention of further damage. **HUD Exchange** has more information on these programs.[22]

20 **Planning for Economic Recovery,** FEMA; **Searchable Awards Database**, Community Development Financial Institutions Fund, U.S. Department of the Treasury

21 **Meeting a National Objective,** Community Development Block Grant Program, United States Department of Housing and Urban Development.

22 **Planning for Economic Recovery,** FEMA.

Applying for Funds

Applying for and using funds from the federal government can be an extensive process that necessitates attention to detail, accurate record-keeping, and dedicated staff. The application process can be significantly accelerated by preparing in advance, for example, by identifying appropriate federal agencies, programs, and resources to help in both disaster preparedness and the post-disaster economic recovery process. Once those programs are determined, EDOs should identify the relevant federal agency representatives in their communities and contact them to understand 1) how these programs have been used in other communities and 2) whether their organization is eligible for funding and what level of flexibility the program offers. EDOs should also be aware of differences between federal agencies. They may have different application processes, eligibility requirements, and funding may be available at differing times along the process.

Staying Current with Funding Avenues

Many federal agencies have resources relating to disaster response and recovery on their agency or departmental website, along with guidance for obtaining the resources. It is always good to verify information found on the agency website by contacting the agency directly by phone or email.

As mentioned above, economic developers should identify a specific point of contact at each agency or department with whom to maintain contact before and after an emergency. For example, each EDA region has several economic development representatives tasked with assisting the local organizations in a particular state. A **federal agency list template** that provides fields for relevant contact information is provided in the Workbook. It is common to establish a federal employee as a point of contact even before a grant application is discussed. Each federal agency and department has its own procedures for interacting with federal employees overseeing grant programs, particularly if the agency has released a federal funding opportunity notice.

Note that there is a wide variety of recovery and resiliency programs and that the most successful recovery and resilience efforts involve planning recovery *before* disaster strikes. Having an official specifically trained on federal recovery resources – to educate the community and design disaster plans for the city, county, region, or state – can be an invaluable resource in working to prepare and recover from disaster.

Economic development organizations should also analyze which immediate and long-term needs will be prioritized. Classifying needs can help inform which avenue of federal assistance will best fit.

For more information on prioritizing the community's needs, please refer to Chapter 2: Disaster Management and Chapter 3: Disaster Preparation.

Faithfulness to Program Requirements

Federal funds are disbursed through agencies, specifically through particular programs housed in those agencies. When disaster funds are distributed, it is unusual that new programs are created to administer those funds. This means that disaster funds are often funneled into existing programs and that the requirements of those programs apply to disaster funds, sometimes with additional requirements due to the funding source.

In the federal government's response to Covid-19, some new programs were created (e.g., the Paycheck Protection Program), but many existing programs saw a large influx of new funds. For example, the American Rescue Plan increased the Economic Development Administration's budget by $3 billion, $500 million of which EDA allocated to its Economic Adjustment Assistance program, and the Department of Housing and Urban Development's budget increased by $3 billion. This program previously offered planning and implementation grants; with the new funds, it provided a wide range of assistance for communities to battle the Covid-19 pandemic and implement long-term recovery and resilience measures for future economic disasters.[23]

FEMA's disaster relief centers in the New York city area have been busy assisting survivors of sub-tropical storm Sandy to obtain relief funds for housing, meals, and transportation expenses. 11-4-2012. Source: **www.dvidshub.net**

The Grant Process

Federal grants are a significant source of funding for a wide range of sub-national activities. There are many different types of grants that can apply to many different situations, and they may require different prerequisites even within the same agency. Be aware that some grants may be available only once a major disaster declaration has been issued. Furthermore, each grant may be limited by who can apply for those funds, so whereas one grant may not be available to EDOs, another might be applicable.

EDOs need to have the capacity to write grants and administer them, following strict accountability procedures to ensure that the funds are well managed and spent according to federal guidelines. Organizations awarded federal grants must be prepared to meet performance standards and specific requirements through the entire period of the grant.

Additionally, requirements for aid from one agency may differ from another, so EDOs should understand the agency's needs. For example, the EDA, which is housed within the U.S. Department of Commerce, has authorizing legislation and program requirements that are unique and exclusive from the rest of the Department. Each state also has legal conditions that govern and impact the economic recovery process. The federal government generally considers these state requirements by noting in legislation that all actions related to federal disaster and economic recovery funds must also comply with state laws. Yet federal legislation and state legislation may not always align. For example, some states have more restrictive definitions and interpretations of housing regulations than federal requirements.

23 **Notice of Funding Opportunity**, FY 2021 American Rescue Plan Act Economic Adjustment Assistance, Grants.gov

Alignment with Agency Priorities

EDOs should be aware that a current presidential administration may emphasize different priorities than a previous administration when communicating with federal agencies. For example, an agency may seek to increase transit system resiliency in the face of natural disasters, while another may seek to foster more sustainable agricultural practices. Whatever the case, when reaching out to agencies, it may be helpful to understand what the agency aims to encourage with its policies and how they can be aligned with economic development issues in a community.

Application

Communities request federal grants by submitting grant applications to specific federal programs – either through the website **Grants.gov** or by submitting requests directly to a federal agency or department. Grants.gov is the official point of access for all information on federal grants. This website filters grant opportunities through several categories. Federal agencies publish funding opportunities and notices on Grants.gov, these postings summarize the important investment priorities, objectives, and requirements of federal funding programs. These notices also are located on the websites of federal agencies and departments.

When applying for funds and submitting applications through Grants.gov, make sure to download the entire application, as well as all supporting documents, and carefully review the criteria on funding priorities. Completed applications must be submitted with all required forms; a secondary copy should also be saved for filing purposes.

Grants.gov has a **community blog** to help with all aspects of grants, from the application process to writing tips. Beyond that, Grants.gov is also available as a mobile app to help facilitate access to grants through multiple technological avenues.

Although it does not directly allow for the submission of grant proposals, the **Federal Register** can help glean information about upcoming federal policies and grant availability. The register is a daily gazette that contains presidential documents and new and amended federal regulations.[24] It is helpful for understanding how the federal government is shaping its policy towards various issues, including grants.

Another resource in the grant search is **Assistance Listings**, formerly the Catalog of Federal Domestic Assistance, which lists all programs administered by 57 federal agencies that are available to state and local governments, territories, tribal governments, and nonprofit organizations.

Before submitting a grant application, an account must be made with the System for Award Management (SAM) at **SAM.gov**. Grant application forms must be thoroughly completed and submitted on time to be evaluated. Some federal agencies will provide further guidance on how to fill out specific forms. It is important to keep in mind that the key objectives outlined in the application must be approved and carried out as specified in the proposed scope of work. The project detailed in a grant application must be completed on time and with demonstrable success.

For more advice on submitting grants, the EPA has published a document with helpful information that can be found here: **Tips for Submitting Proposals through Grants.gov.** The CDC has prepared a document found here: **Tips for Preparing Grant Applications.**

24 **The Office of the Federal Register,** United States Office of the Federal Register

2019 MISSISSIPPI RIVER FLOODS: MISSOURI

Upstream from Louisiana, Missouri also experienced flood damage throughout 2019. In the wake of this disaster, Missouri's Department of Economic Development applied to the Department of Housing and Urban Development for funds available under the Community Development Block Grant–Disaster Recovery (CDBG-DR) program. This application was undertaken to address the impacts of the disaster on the housing of low- to moderate-income citizens. HUD allocated over $30 million for the disaster, mandating that 80 percent of the funds target Cole, Holt, and St. Charles counties (designated as most impacted and distressed) and that 70 percent of the allocation benefit low- to moderate-income citizens. The Missouri Department of Economic Development then released an action plan detailing how these funds would be disbursed geographically and in terms of areas of assistance.

Funding Timeline

One important factor to keep in mind is the timeline of receiving federal aid once it has been awarded. In typical situations, expect a delay of six months to a year in receiving the assistance. Grant applications are reviewed and awarded based on the policies and procedures of each funding organization. Typically, after a disaster, communities need to combine funding from a variety of sources (different federal agencies, public and private resources, etc.) to meet their recovery needs.

Many federal grants include a cost-share mechanism that requires a local investment match. In other words, the federal government may provide only a partial amount — usually 50 to 80 percent of total funding – encouraging the grant recipient to find support from other community partners or contribute their own funds. Some federal agencies allow for the unfunded portion to be met with other contributions from the private and public sectors.

NATCHEZ, Miss. - Coast Guard Commandant Adm. Bob Papp tours the Coast Guard Cutter Greenbrier, the Cutter Support Team at the Natchez Moorings and Sector New Orleans as crews respond to the historic Mississippi River floods. 5-20-2011. Source: www.dvidshub.net

Using Funds Correctly

The federal government has a vested interest in making sure that the funds that it releases to communities are used correctly. Typically, federal funds are designated for a specific purpose, which must be adhered to even in the complex post-disaster environment. Furthermore, many federal agencies have different, and sometimes competing, requirements regarding the use of funds. As communities recover from disasters using federal resources, they may find that certain requirements connected to funding sources can impede or halt recovery assistance efforts. In this case, EDOs may request a waiver of certain federal funding requirements.

Grant Administration

Grantees should manage their grant awards ethically and legally. This may take shape in different forms–some communities might find it helpful to administer their grant by seeking the services of a disaster recovery coordinator[25] while others may choose to allocate resources towards direct loans for the businesses under their purview. Whatever the case, they should monitor progress on the grant regarding critical outputs, successes, and achievements.

Compliance

As a local community uses the funding awarded, it is critical to monitor grant activities to comply with relevant federal regulations and ensure that funds are used according to the scope outlined in the grant proposal. Monitoring and compliance activities help the granting agency know that funds are being appropriately managed and prevent local communities from paying funds back or dealing with a complex auditing process. Communities should look not only at federal regulations but also at local and state regulations regarding compliance. The federal government requires compliance with state laws.

Grant recipients should develop clear instructions prior to the distribution of funds on how compliance and monitoring will be handled. This task becomes more complicated once funds are being spent.

HUD has a compliance manual for its CDBG-DR program, which can be found here: **CDP Monitoring Handbook**. The U.S. Office of Management and Budget offers a Compliance Supplement: **OMB Compliance Supplement.** FEMA has created a guide to educate local governments on for grant management specifically related to Covid-19 funding: **Local Government Solutions for Covid-19 and Beyond**.

25 The role of a disaster recovery coordinator is outline in **Federal Disaster Recovery Managers Responsibilities**, National Disaster Recovery Framework, FEMA

Waivers

While grantees should understand the accepted uses of funds as prescribed by federal programs, it may be necessary to request a waiver of certain requirements. In a post-disaster setting, meeting some requirements may add an undue burden that delays recovery. For example, HUD CDBG funds are not usually eligible for new construction, but in the aftermath of the winter 2021 tornados in Kentucky, this eligibility requirement was lifted because many homes were destroyed in the disaster, and new ones had to be built to facilitate community recovery.[26]

The ability to obtain a waiver depends partly on the type of waiver requested and whether a disaster-impacted community can justify the need to alter a requirement to meet local recovery needs. Some federal agencies have clear guidelines for issuing waivers related to their disaster assistance programs.

It is important to note the distinction between laws and regulations to better understand what federal requirements may or may not be waived.[27] After Congress passes a law, the corresponding federal agency interprets the law and writes regulations based upon its interpretation. The regulations determine how an agency executes the law. In some instances, the law itself may be somewhat restrictive in that it provides specific details or requirements on how it is to be executed, thereby limiting the scope of activities that can be taken under it. In other instances, the law will be less restrictive, allowing leeway in determining how to carry out the requirements of the law. If the requirement is based *specifically* on the law, it is much harder to obtain a waiver. If the requirement is based on the agency's *interpretation* of the law, it may be easier to obtain a waiver.

Duplication of Benefits

Economic recovery professionals need to understand the requirements and waivers of various federal programs to mitigate potential conflicts when layering recovery funds. They also need to understand and avoid duplication of benefits (DOB), which happens when federal funds from different programs are used for the same purpose and is prohibited.

A 2019 webinar included the example of a hypothetical Mr. Brown whose home was damaged by a tornado.[28] The estimated cost of rehabilitation was $100,000. After insurance and FEMA provided $25,000 each, Mr. Brown got an additional $100,000 from HUD's CDBG-DR program, bringing the total to $150,000. In this example, the duplication of benefits is the last $50,000 that Mr. Brown received from HUD. At times, communities, EDOs, and chambers of commerce have noted that it is difficult to prove that no DOB has occurred. Organizations that receive federal funds should research this issue and establish reporting systems that will address DOB issues.

26 **Memorandum**, U.S. Department of Housing and Urban Development, December 2021
27 **Laws and Regulations**, United States Senate
28 **Duplication of Benefits Webinar,** U.S. Department of Housing and Urban Development, June 2019

Conclusion

Applying for and administering federal resources can seem like a daunting task for EDOs, especially in the wake of a disaster. Yet, the benefits that can be accessed through the federal government are important for recovery. Establishing relationships with federal partners pre-disaster and understanding the process for application can help ease the process. Additionally, resources provided by various agencies and organizations, such as IEDC, can keep economic developers aware of forthcoming opportunities.

9

Strategic Planning

Chapter 9: Strategic Planning

Introduction

Communities must plan for the inevitability that they will be impacted by an incident that threatens their growth potential, quality of life, and even survival. This planning should use an all-hazards approach to allow for a wide range of possible consequences, including everything from a natural disaster to hazardous material release to the closure of a major employer. Effective planning enables communities not only to bounce back but also to 'bounce forward' – that is, to recover in a way that enhances the capacity of the community or organization to better withstand future stresses.[1]

According to the U.S. Economic Development Administration (EDA), economic resilience refers to a community's "ability to withstand, prevent, or quickly recover from major disruptions – or shocks – to its underlying economic base."[2] Resilience and recovery-focused strategic planning addresses both chronic stressors and potential shocks. Stressors are underlying issues that hamper resiliency, such as aging infrastructure or chronic poverty. Shocks are acute events such as natural or man-made disasters. Addressing both through the planning process builds awareness of threats and can re-frame chronic issues in light of long-term economic health. The power of resilience planning is that it focuses both on emergency response – how to deal with the immediate impact of a disruptive event – as well as how to prepare and organize in advance and rebuild afterwards with a coherent framework.[3]

Though there is overlap with ideas from *Chapter 2, Disaster Management* and *Chapter 3, Disaster Preparation* when concerning how to be prepared for and respond to a disaster, this chapter focuses more on an economic development organization's (EDO)[4] role in creating plans that address the underlying weaknesses and threats that face a community. This perspective can be applied to economic development strategic planning, as well as comprehensive plans, Comprehensive Economic Development Strategies and emergency management plans such as hazard mitigation plans.

1 **Economic Resilience: Your Competitive Edge**, IEDC, November 2019

2 **Economic Resilience**, Content, Comprehensive Economic Development Strategies, U.S. Economic Development Administration

3 **Resilience**, CEDS Central

4 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

Disaster Planning

Pre-Disaster planning

Before a disaster strikes, there are two main areas in which a community can take steps to prepare itself for possible economic shocks: 1) building resiliency and 2) proactively constructing a framework for disaster response. Pre-disaster plan formulation should consider the systemic stressors that the community might face and how a disruptive shock might affect them. Additionally, pre-disaster plans can be useful in creating frameworks and processes to follow in the event of a disaster. These frameworks allow for easy reference to an agreed-upon course of actions that includes roles and responsibilities of different organizations.

Post-Disaster Planning

Even communities that have engaged in pre-disaster planning contend with difficult decisions after a disaster. Planning for long-term recovery is 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 honestly consider its vision for rebuilding 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. As such, starting the process for revisiting long-range planning and economic recovery within three to six months following the disaster is recommended to take advantage of the urgency surrounding rebuilding efforts and the existing momentum within the community.

Post-disaster planning provides the opportunity to re-evaluate communal objectives and establish new strategies and action steps towards long-term recovery. The community has an opportunity to re-assess its economic objectives with consideration of disaster risks and other vulnerabilities. It can establish bold new strategies and action steps to make progress toward long-term recovery and emerge a more resilient community if it finds its pre-disaster plan no longer suits its goals.

Regardless of the choice to pivot to a new direction or not, returning to the pre-disaster plan may also point to organizations and resources that can be accessed for long-term recovery. Following a disaster, a community may be forced to change course to work on a new plan that addresses any dramatic changes to the local and regional economy and can do so based on previously established frameworks.

Coordination of Planning Efforts

Economic development is an interdisciplinary field with many different goals and stakeholders. Similarly, resilience and recovery efforts encompass many different organizations. Strategic pre- and post-disaster planning supports coordination and enhancement of existing plans and data sets across organizations. Coordinated plans also increase governmental efficiencies by supporting cross-sector, cross jurisdictional collaboration. Collaborative planning identifies policy changes which, when implemented, will reduce risks. And, through engagement with federal frameworks, coordinated planning provides resources for long-needed projects.[5]

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5 **Economic Resilience: Your Competitive Edge**, IEDC

Any planning effort that EDOs engage in – from organizational planning to developing economic strategic plans – can have a resiliency component. Plans dealing specifically with resiliency or recovery should be integrated with existing community planning frameworks, including land use, infrastructure, and housing. They should also complement the community's emergency management plan. Additionally, economic development recovery and resilience planning efforts must integrate with larger, regional planning efforts to be effective.

Perhaps most relevant is the Comprehensive Economic Development Strategy (CEDS) framework which is managed by EDA via Economic Development Districts (EDDs). When developing a CEDS, it is important to incorporate resilience goals into regional strategies and proposed economic development activities. EDA guidelines state that CEDS must include resilience concepts, which can be included as a separate section, a distinct action item, or as a component of the SWOT analysis. However, EDA recommends including resilience as an overarching goal throughout the CEDS, integrated throughout the different activities outlined in the document.[6] A completed CEDS or CEDS equivalent is required for EDA funding under Public Works and Economic Adjustment Assistance (PWEAA) programs–including for projects related to resiliency. Additionally, regions must update their CEDS at least once every five years to qualify for assistance from EDA under PWEAA programs. The CEDS is also a prerequisite for designation by the EDA as an EDD, so groups of communities or regions that wish to form an EDD must have a complete CEDS beforehand.[7] More about the CEDS process can be found in *Chapter 10, Infrastructure*.

The Economic Resilience Evaluation Tool

Colorado experienced extensive flooding and landslides in September 2013, spanning more than a third of the state. The flooding and resulting mudslides took the lives of 10 individuals and resulted in the largest domestic evacuation operation since Hurricane Katrina.

Economic impact survey findings and input received through the economic recovery roundtable meetings held in Colorado surfaced several important economic recovery issues. Among them was a desire to learn from the disaster and integrate resilience into the economic sector. To that end, EDA conducted a study to establish a baseline of current economic resilience planning efforts in the area, identify trends and current resiliency practices. It also developed recommendations to assist community, state, and regional economic development organizations and federal agencies in stimulating resilience planning.

The EDA team developed a metric with 52 unique components and used it as the basis for its review of 25 plans from the hardest-hit area of the state. This document provides an overview of resilience in the context of economic development, and its application to evaluating resilience in economic development plans.

Based on the findings from the plan review and subsequent interviews with local economic development organizations, nine opportunities (three for local economic development organizations and six for state and federal agencies) were identified to assist communities in incorporating resilience into economic planning efforts. This process resulted in the development of the Economic Resilience Evaluation Tool.

Adapted from: **https://www.eda.gov/files/about/disaster-recovery/EDA_CO-Economic-Resilience-Planning_Oct2014.pdf**

6 **Economic Resilience: Your Competitive Edge**, IEDC

7 **Overview**, CEDS Content Guidelines, U.S. Economic Development Administration

Similarly, hazard mitigation planning is conducted by communities to meet Federal Emergency Management Agency (FEMA) requirements for the Hazard Mitigation Assistance Grant, Flood Mitigation Assistance, and Building Resilient Infrastructure and Communities (BRIC) programs.[8] Hazard mitigation plans are similar to and complement the range of actions addressed in local plans and regulations. Communities can also use these plans as a starting point for developing a broader community resilience plan. The process of developing hazard mitigation, CEDS, community resilience, and strategic plans should be complementary.[9]

Planning at the local and regional levels deals with interdependent variables; rules governing land use can affect economic development, which can shape infrastructure development. As such, strategic planning efforts should be integrated with plans from other local, regional, and state bodies that have broad stakeholder support.[10] The Economic Resilience Evaluation Tool (developed by EDA in 2014 and described above) provides a framework for plan integration:

"This vertical integration between various levels of government along with horizontal integration between public and private organizations ensures that coordination and sharing of resources will occur in case of a disaster. These joint planning processes also encourage economies of scale in mitigation and preparedness activities by increasing opportunities for cost and knowledge sharing." [11]

The 11 topical areas that the framework suggests reviewing are:

- Research and Knowledge-Building
- Planning
- Governance
- Financing
- Infrastructure
- Procurement Strategies
- Business Continuity and Risk Management
- Workforce Support
- Economic Diversification
- Counseling and Technical Assistance
- Communications Systems[12]

It is not expected that an economic development plan would contain every component, but the more that are integrated, the more resilient a local economy is likely to be. This list is not exhaustive but points to best practices that can be used as a checklist for resiliency, as well as a starting point for further resiliency endeavors.[13]

8 **Community Resilience Planning Guide For Buildings and Infrastructure Systems**, National Institute of Standards and Technology, U.S. Department of Commerce, October 2020

9 Ibid.

10 **Economic Resilience Planning Evaluation Tool**, HUD

11 **Economic Resilience Planning Evaluation Tool**, HUD

12 **Resilience and Economic Development: Moving from Idea to Action,** U.S. Economic Development Administration, May 2015

13 **Economic Resilience Planning Evaluation Tool**, HUD Exchange, U.S. Department of Housing and Urban Development

Economic Resiliency

Proactively thinking about possible acute shocks to an economy, as well as chronic stressors, will help to inform strategic plans. Acute shocks will exacerbate chronic stressors and create more damaging outcomes for the community writ large.[14] The consequences of these shocks and stressors can be mitigated by building in *steady-state* and *responsive* economic resiliency initiatives, as put forth by the EDA's framework (explained below).[15] Both types of initiatives are meant to help resiliency but have different points of emphasis. Steady-state programs tend to focus on the chronic stressors of a community, while responsive initiatives are centered around addressing acute shocks.

Implementing resiliency into economic planning before a disaster occurs means considering how chronic stressors can be alleviated and what steps can be taken to lessen the impact of acute shocks. Addressing economic stressors (e.g., poverty, inequality, or lack of housing) builds community resiliency by creating better economic and social bulwarks against possible shocks. Good strategic plans address these stressors, as well as detailing the responsibilities and roles of those assigned to alleviate the stressors' impact on the community.

Communicating with officials in local government, regional planning, or emergency management is usually a good place to start, as they will most likely have an outline already in place. Discussing with these groups how economic development factors into these plans is important. In a hypothetical situation, authorities may want to implement a new public transit line in hopes of lowering greenhouse gas emissions. EDOs in that community can offer their perspective on placement of the line and stops to maximize the potential for increased economic connectivity and development at the same time. Such opportunities often arise where economic input is helpful in the long run.

14 **100 Resilient Cities: Program Overview and Case Studies**, International Code Council Global Connections Day, October 2016, 9.

15 **Economic Resilience**, EDA

Steady-State Economic Resilience Initiatives

At the regional and community levels, economic development practitioners are instrumental in building the capacity for economic resilience. In doing so, economic development organizations must consider their role in building both steady-state and responsive initiatives (the latter of which is discussed further in an upcoming section). Steady-state initiatives tend to be long-term efforts that seek to bolster the community's or region's ability to withstand or avoid a shock.

Some examples of steady-state economic resilience initiatives include:[16]

- Engaging in comprehensive planning efforts that involve community input to define and implement a collective vision for resilience which integrates or aligns with other planning efforts (hazard mitigation plans, local area plans, CEDS, transportation plans) and funding sources
- Undertaking efforts to diversify the economic base by targeting the development of emerging clusters or industries that a) build on the region's unique assets and competitive strengths and b) provide stability during downturns that disproportionately impact any single cluster or industry
- Adapting business retention and expansion programs to assist firms with economic recovery post-disruption
- Understanding resiliency best practices for key industries in the regional economy
- Building a resilient workforce that can better shift between jobs or industries when their core employment is threatened (through job-driven skills strategies and support organizations)
- Maintaining geographic information systems (GIS) that link with municipal business licenses, tax information, and other business establishment databases to track local and regional "churn" (openings and closures) and available development sites. GIS can also be integrated with hazard information to make rapid post-incident impact assessments.
- Promoting business continuity and preparedness
- Employing safe development practices in business districts and surrounding communities, such as locating structures outside of floodplains, preserving natural lands that act as buffers from storms, and protecting downtowns and other existing development from the impacts of extreme weather

Some good examples of building resiliency in pre-disaster planning come from New Orleans and Boston. In New Orleans, city officials learned from the aftermath of Hurricane Katrina to focus on building holistic communities that could better withstand future disasters. To this end, in 2015 they instituted a federally funded project to reduce flooding risk through underground water storage and rain gardens, while also creating new green spaces for the public to use and enjoy. The project is helping to turn the city into a leader for water management practices, a field that is growing in demand globally and can help diversify and bolster the city's economic prospects.[17]

16 **Economic Resilience**, EDA
17 **Resilience 101**, Shelterforce, May 2019.

In the case of Boston, chronic stressors such as lack of savings, lower homeownership rates, and income inequality especially affect people of color. This means that communities of color would feel a greater impact from an acute shock. To address this issue, Boston has been striving to eliminate barriers to wealth creation in communities of color, primarily through the provision of vocational training, middle-income housing, and childcare.[18]

Responsive Economic Resilience Initiatives

As steady-state economic resilience initiatives are to pre-disaster planning, responsive economic resilience initiatives are to post-disaster planning. Responsive initiatives help businesses and communities recover after a disaster. Because economic development professionals and organizations often become a focal point for post-incident coordination, information, and access to federally funded recovery initiatives, it is important to build capacity for responsive action prior to a crisis.

Some examples of responsive economic resilience initiatives include:[19]

- Establishing regular communication and monitoring of business community needs and issues
- Contacting key local, regional, state, and federal officials to communicate business needs and coordinate impact assessment efforts
- Using coordination mechanisms and leadership succession plans for short, intermediate, and long-term recovery needs

The National Disaster Recovery Framework (NDRF) coordinates responsive initiatives at the federal level. In 2011, the NDRF was adopted to provide a common understanding of roles, responsibilities, and resources available for recovery before and after a major disaster. It was updated in 2016.

The Economic Recovery Support Function (Economic RSF) of the NDRF focuses on the recovery of industry and business, as well as the overall economic health of the impacted community. This helps in maintaining communication and regular monitoring of needs and issues.

The NDRF also lists key planning principles and discusses matters that have a bearing on local planning efforts. The **FEMA National Disaster Recovery Framework** website is a resource for community leaders, planners, and stakeholders. Mirroring the NDRF structure at local levels can provide an advantage when engaging with federal agencies in the recovery process. The NDRF encourages states and communities to examine their needs and develop the kind of coordination mechanisms best suited for their capacity and needs. For more information about these frameworks, see *Chapter 2, Disaster Management*.

18 **Economic Resilience**, EDA

19 **Economic Resilience**, EDA

Action Steps

The following steps will be useful in the pre-disaster planning process. Keep in mind while moving through these steps the chronic stresses that a community can face and the possible acute shocks that could dramatically affect circumstances. In the wake of a disaster, these action steps can be used to pivot from existing plans, if needed. These steps are:

Step 1: Organizing and Pre-Planning

Step 2: Develop a Communications Plan and Compile Contact Information

Step 3: Visioning with the Community

Step 4: Assessing the Local Community and Economic Competitiveness

Step 5: Identify Issues, Develop Goals, and Formulate Strategies

Step 6: Publicizing the Plan and Process

Step 7: Develop a List of Possible Funding Sources

Step 8: Follow up with the Plan

Step 1: Organizing and Pre-Planning

In the pre-planning stage, there are a few goals to achieve over the span of one to two months. These include identifying stakeholders to be involved in the process, the context in which the strategic plan will be conducted, and the area to be assessed. In addition, an organizational structure should be created for carrying out the planning process (steering committees, task forces, work committees, etc.), as well as determining the financial and technical resources needed.

Having engaged and committed stakeholders will likely result in a more comprehensive and actionable plan. When identifying various stakeholders, consider including the following:

- Representatives from the public, private, and nonprofit sectors who are involved in local economic issues. This includes business representation from all sectors and business types (size, function, etc.)
- Regional and state government representatives
- Local and regional elected officials and appropriate government staff
- Community members
- Health and safety offices
- Public housing organizations
- Advocacy organizations
- Environmental organizations
- Local colleges, universities, and research institutions
- Planning and zoning offices
- Capital project managers
- State and local emergency management
- Nonprofit organizations
- Financial institutions

Identify a Lead Economic Development Organization to Facilitate Planning

Developing any plan – economic preparedness plans, Comprehensive Economic Development Strategies, post-disaster plans and others – is a lengthy process requiring wide-ranging stakeholder input. When the plan is focused on economic development, the process should be led by an economic development organization, chamber of commerce, or other business organization that is recognized as an authority on economic development matters by both the private and public sectors. This organization will 1) galvanize support for the process from stakeholders, particularly the local business community, 2) help align the resources needed to get the planning process off the ground, and 3) serve as an effective liaison and facilitator between all parties.

The lead EDO should hold a kickoff meeting with key stakeholders (including, given experiences with Covid-19, local health departments). The EDO may want to co-host the meeting with another business organization. A professional facilitator can help develop an agenda and facilitate a productive meeting.

Step 2: Develop a Communications Plan and Compile Contact Information

A communications strategy for the plan will enable local and regional economic development organizations to keep constituents, peer organizations, and other groups that are critical to the community's economic recovery up to date on new developments. The core organization tasked with planning should develop several contact lists, for 1) local business owners, 2) agencies playing a role in short-term recovery efforts, and 3) key stakeholders throughout the region and state. The lead organization can use these lists to disseminate information about the plan, as well as to coordinate information-gathering and economic analysis for short- and long-term recovery efforts.

Step 3: Visioning with the Community

Developing a shared vision of what the community wants to be in the future is paramount to any successful planning effort. This should be based on consensus among all of the key stakeholders and should serve as the guiding focus for all planning efforts. Creating a vision statement also helps when engaging with the community about the plan.

The community's involvement is best utilized during the visioning stage. Surveys, interviews, focus groups and other methods of engagement can be used to gather input and ideas. For economic development strategic plans, involving the business community is crucial. Questions might relate to ideal business conditions, or could be tied to existing preparedness activities. These questions could be part of a business retention and expansion effort or asked during focus groups. For more information on surveying, see *Chapter 5, Business Retention and Expansion*.

Other examples of engagement include:

- Solicit information and input from working groups involved in the planning process as well as the community at large
- Conduct focus groups around key topics to help identify specific challenges and opportunities for the community's long-term economic recovery
- Hold an economic development charrette with stakeholders to develop strategies for specific geographic areas such as downtowns, industrial parks, and neighborhoods most likely to be impacted by a disaster
- Understand that a community may have had a negative previous interaction with an organization, meet the community where they are, and learn about their experiences before imposing a plan upon the marginalized community[20] More information and examples of working with these communities can be found in *Chapter 11, Neighborhood Revitalization.*

Community Engagement in Planning

Buy-in from the community is one of the most important parts in creating any plan – after all, citizens will be impacted by these decisions for years. In particular, it is important to engage with communities that have traditionally not been part of the planning process.

Disadvantaged communities are often most vulnerable to an acute shock and more likely to be currently facing chronic stressors. For example, communities of color are more likely to face health and economic disparities.

These same communities have historically been marginalized and dislocated by planning entities, whether through urban renewal, stadium siting, industrial zoning, or gentrification. This historical weight may make them wary of engaging in a planning process. Building relationships with representative groups such as Black and Hispanic chambers of commerce can assist with engagement.

Any community, regardless of its socioeconomic, racial, or ethnic background, deserves to have a say in how to address the shocks and stressors that affect their lives.

20 **Engaging Marginalized Communities: Challenges and Best Practices**, ICMA, September 2021

Identifying roles and responsibilities among partner organizations for both short- and long-term development and recovery is essential to the planning process. Working groups should be established from the assembled stakeholders to cover major topics such as business retention, small business assistance, and downtown development. 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. Below is a sample list of benchmarks when establishing working groups.

- Divide stakeholders into subgroups that will focus on specific topics to be covered in the plan.
- Meet with stakeholders to inform them of the planning goals and objectives. It is important that they agree to work through the decision-making process.
- Evaluate what planning efforts have already been made by stakeholders and assess how resources can be leveraged or combined for maximum impact and efficiency.
- Ensure that adequate time is given to the planning process. Establish regular meeting schedules for the group and subgroups.
- 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 progress. It will also ensure that the lengthy planning process has a visible end.

Step 4: Assessing the Local Community and Economic Competitiveness

Effective planning begins with a strong understanding of the current economic situation and the planning landscape. This information may be available in existing strategic plans and economic analyses. However, in the case of post-disaster planning, current data should be used (when available), as conditions may have changed. The assessment should include clear information on:

- Demographics
- Key industries and clusters
- Key employers and their locations
- Workforce characteristics
- Buildings and infrastructure of economic importance
- SWOT (strengths, weaknesses, opportunities, threats) analysis
- Current and future land use plans and infrastructure development projects
- Local policy framework (e.g., building codes, local and state incentives and regulations, environmental mitigation policy, etc.)
- Existing plans
- Existing economic targets (though a disaster may have changed conditions so that these are no longer relevant)

A SWOT analysis is useful when gathering data. The framework of a SWOT – which outlines strengths, weaknesses, opportunities, and threats in a given context – organizes important information to make it easier to understand the situation. This analysis can help identify potential hazards or risks; proximity and availability of food, water, and shelter; the status of health and medical systems, the energy network, communications pipelines, transportation, and hazardous materials. It also helps identify economic assets and potential resources (e.g., federal, state, or local funding; private insurance; disaster recovery and financial assistance programs).[21]

21 **Economic Resilience: Your Competitive Edge**, IEDC

The following list is excerpted from a publication on resilience planning from the Environmental Finance Center at Sacramento State. These terms may be used in conducting a SWOT and in addressing resilience-oriented concepts.

Assessment Terms	
Term	**Definition**
Asset	A physical item with value, or something intangible, such as reputation
Hazard/Threat	An object, situation, or event that may cause injury, illness, or death to people or damage to assets
Impact	Adverse consequence caused by a hazard or threat
Risk	Likelihood of a hazard or threat occurring and the magnitude of the impact
Vulnerability	Degree of susceptibility to adverse effects of hazards and threats
Recovery	Actions taken following an event to address impacts
Adaptation	Actions taken to adjust to conditions so that risk to assets is reduced
Mitigation	Actions taken to prevent or reduce the likelihood or magnitude of a hazard and the risk associated with it[22]

It is important that all economic recovery stakeholders understand the findings of the economic analysis before any action steps are proposed or implemented. A deep understanding of the current situation, as well as the long-term vision for the community, will provide critical insight on how the community should move forward in addressing its strengths, weaknesses, opportunities, and threats.

For more information on the different types of economic assessments and how they can be conducted, please review *Chapter 6, Assessing the Economic Impacts of a Disaster.*

Step 5: Identify Issues, Develop Goals, and Formulate Strategies

After the economic assessment has been completed and needs are identified, develop a framework that places emphasis on supporting areas that are either weak or may be threatened in the future. Based on this framework, develop strategic goals and objectives. Given environmental circumstances and internal opportunities and constraints, identify feasible growth and development options. Recruiting and engaging stakeholders – including citizens from every sector of the community – to inform and review strategic goals, objectives, and options will be integral to the process. The culmination of these efforts after one to two months will result in a draft of the strategic plan.

Having a plan that outlines key activities in the event of a disaster will increase efficiency once a disaster strikes and help stakeholders make smart post-disaster recovery decisions. Each strategy should be accompanied by the following information: responsible group, issue/topic, disaster level, jurisdictions involved, approximate timeframe, and funding considerations. Keep in mind that appropriate organizations should be assigned to take ownership of and carry out each task. Ensure that these organizations have the resources – in terms of in-house capacity, ability, and finances – to carry out the tasks of the action plan.

22 **Resilience Planning: Tools and Resources for Communities,** Environmental Finance Center at Sacramento State, November 2020

It is also recommended that communities develop an implementation timeline that lists the steps that should be taken when a disaster occurs. This will ensure that the recovery process continues to move forward once a disaster hits.

A collaborative economic development or resilience plan may also include:

- Objectives and strategies to make the region more competitive and resilient
- Diversification of the economic base
- Workforce development
- Infrastructure development
- Strategies to address identified hazards
- Methods for resource distribution
- Cost-benefit analyses
- Long-term and short-term goals
- Guidelines for prioritizing projects[23]

Chapter 7, Crisis Communications contains more specific information on how to create an effective communications network.

Step 6: Publicizing the Plan and Process

Use opportunities to make the plan publicly available for community stakeholders and external partners. This can be through a main website, partner website, community/regional organization, or other communications vehicles. When the planning process is finished, these publicity avenues can be used to keep stakeholders, partners, and the broader community informed of the efforts associated with implementing and updating the plan.

Step 7: Develop a List of Possible Funding Sources

Potential funding sources for disaster recovery and redevelopment should be identified, including local, state, and federal sources. Although a variety of resources are available for humanitarian relief and housing, resources for business recovery sometimes can be scarce. It will be necessary for economic development organizations to creatively use available resources and leverage public and private funds for business recovery. This is also an area where EDOs can leverage the communication plan and contact lists to provide information on available funding.

23 **Resilience Planning: Tools and Resources for Communities,** Environmental Finance Center at Sacramento State

Step 8: Follow up with the Plan

Any plan should be revisited regularly, preferably on an annual basis. One of the greatest benefits of the planning process is the collaboration and relationships created among stakeholders. These connections should be fostered by convening stakeholders annually to evaluate and update the plan. Revisiting the plan can help guide the community towards goals that may shift over time, due either to disasters or simply to changing community circumstances.

Monitor and measure the effectiveness of the plan and related programs so that they can be adjusted to meet changing conditions. Be sure that goals and projects remain realistic and still fit into changing economies; adjusting the plan to meet changing conditions or outcomes should likewise be ongoing and regular. Monitoring, evaluation, and adjusting are ongoing activities and should take place consistently over pre-defined time periods, such as months, quarters, or years.

Conclusion

Planning occurs via multiple jurisdictions and levels and can affect emergency responses, especially as they relate to business operations. Engaging with strategic planning processes from the beginning can help to incorporate business concerns. Furthermore, ongoing evaluation of planning initiatives will help to create better recovery and resilience outcomes.

Building Capacity for Wildfire Recovery in California

The Camp Fire in semi-rural Butte County was the deadliest wildfire in California history. Sparked by a faulty utility power transmission on November 8, 2018, the fire spread over the course of three weeks and was not fully contained until November 25, 2018.

The Camp Fire burned 154,000 acres, destroyed 18,000 buildings, and caused $16.65 billion in damages. The fire killed 85 people, and 52,000 people were evacuated.[24]

Recovery Building Resilience

3CORE—a nonprofit economic development organization serving Butte, Glenn, and Tehama counties, and the nine member cities located within them—was instrumental to the region's recovery.

The strong relationships 3CORE had built over its 35 years proved to be invaluable. By leveraging these relationships, 3CORE enlisted a local private bank to begin an emergency microlending program for small businesses and their most urgent needs.

The Town of Paradise had 90 percent of its homes destroyed. Funds and public assistance have been used to rebuild its transportation infrastructure and develop a new transportation master plan which will allow the town to reinvent itself.

EDA supported 3CORE in leading the region's recovery efforts, which allowed 3CORE to also focus on infrastructure shortcomings in Chico, Butte County's largest city. The county's displaced residents migrated to Chico which was not harmed by the fire. EDA provided $13.3 million to widen a major two-mile stretch of local roadway which improves access to three major job centers in north Chico and also increases the capacity along a staging area used by first responders during natural disasters.

The improvements to the Town of Paradise and the City of Chico will lead to increased disaster resilience. The funding the area received for recovery is expected to create or retain nearly 1,000 jobs and generate more than $32 million in private investment. These investments and local economic growth will lead to better disaster preparedness, and improved disaster preparedness enables better and quicker recovery from future disasters.

24 Deadly California wildfire now 100% contained after scorching 154,000 acres. CNBC, Nov 25, 2018.

3CORE CEDS 2022–2027

3CORE's Comprehensive Economic Development Strategy (CEDS) 2022–2027 presents a plan for regional recovery in Butte, Glenn, and Tehama counties that will improve resilience and better prepare the region for future natural disasters. Since the Camp Fire, the region has also endured the North Complex and August Complex fires in 2020 and the Dixie Fire in 2021, and experienced an estimated net out-migration of 10,000.

A SWOT analysis identified education, infrastructure, business assistance, and collaboration among the region's strengths, and housing and population decline among its weaknesses. The CEDS divides the action plan into foundational initiatives, industry sector initiatives, and transformative initiatives.

The foundational initiatives encompass workforce development, business development, and business space. Action items include strengthening wraparound services for underserved workers, supporting the growth of microenterprises and underserved businesses through Butte College SBDC's outreach and coaching program, hosting quarterly economic development roundtables to share best practices, and supporting revitalization of downtowns.

The industry sector initiatives focus on agriculture and forest products; construction; health and wellness; manufacturing; and hospitality, recreation, and tourism. Action items include sustainable agriculture and agriculture technology innovation initiatives, addressing food security, workforce training and development in forest management, investing in 3D printing construction technology, recruiting formerly incarcerated workers, expanding the healthcare industry and workforce, supporting manufacturing apprenticeships, and branding the region as a tourism destination.

The transformative initiatives encompass broadband, infrastructure and housing, forest management and wildfire mitigation, and education and talent pipeline. Action items include supporting all regional efforts to increase housing supply at all levels, applying for funding for workforce housing, supporting improvements and expansion at local airports, leveraging the region's Opportunity Zones, encouraging careers in forest health management and wildfire mitigation, promoting workforce training and upskilling programs as a strategy for employee retention, and supporting makerspaces.

10

Infrastructure

Chapter 10: Infrastructure

Introduction

Though enduring and recovering from a disaster is a difficult process, some communities find in it an opportunity for community improvement.[1] Post-disaster redevelopment in the United States has been used to revitalize downtowns, reduce vulnerability to future damage, replace failing and inadequate infrastructure, build affordable housing, and preserve historic buildings.[2] These and other rebuilding strategies also can be unprecedented opportunities to foster economic growth.

Economic development organizations (EDOs)[3] have an important role to play in this process. After a disaster, public officials most immediately are concerned with public safety and cleanup, and rightly so. After this initial phase, economic developers can maximize the potential for community improvement in the recovery and rebuilding process by focusing on larger, long-term strategies for economic growth and business success. They can, for example, advocate for rebuilding a damaged bridge to include an access road that will make an industrial park more marketable; for the implementation of a long-desired street redesign when water and sewer lines are replaced; or that a new parking garage is planned in a damaged area to accommodate denser future development. To fill this vital role, economic developers should:

- **Participate in local, regional, and state infrastructure planning.** As representatives of the business community, economic developers can speak to business concerns during these planning processes
- **Analyze how national trends will manifest in their communities.** Because economic developers monitor industry trends at the national and local levels, they can offer insight into how their communities may develop and their future infrastructure needs
- **Support financing of infrastructure construction and maintenance.** Economic developers can advocate for (and sometimes contribute to) funding infrastructure, whether through public or private means

1 A disaster is defined by the **Federal Emergency Management Agency** as "[a]n occurrence of a natural catastrophe, technological accident, or human-caused event that has resulted in severe property damage, deaths, and/or multiple injuries."

2 **How do Communities Recover from Disaster? A Review of Current Knowledge and an Agenda for Future Research,** 46th Annual Conference of the Association of Collegiate Schools of Planning, Oct. 2005.

3 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

Infrastructure in Context

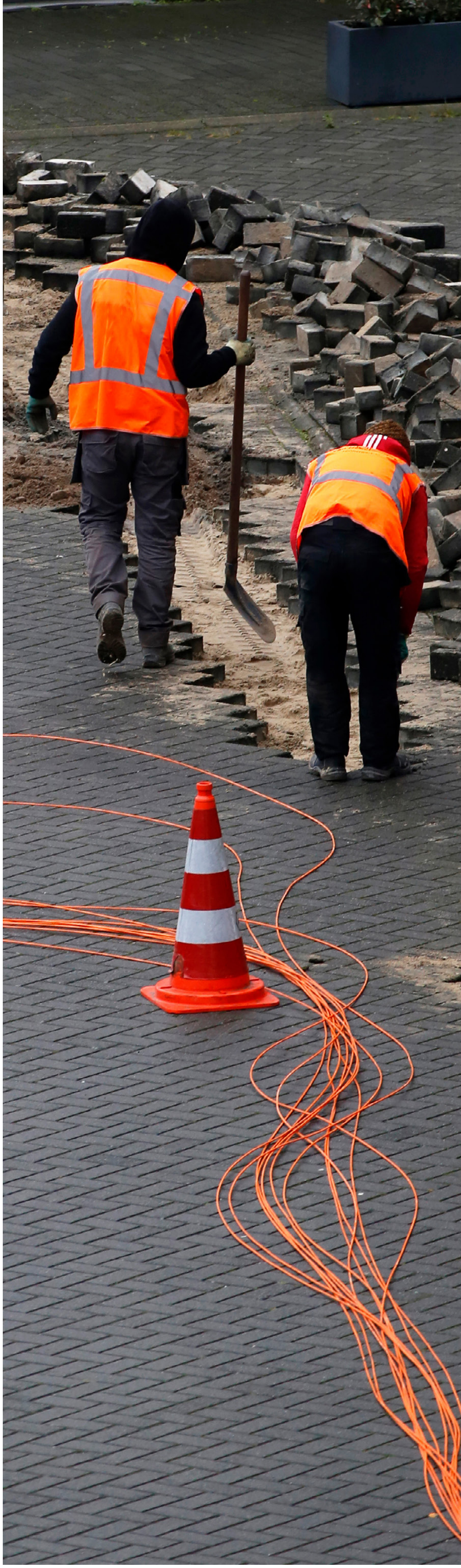
Infrastructure development is essential to economic competitiveness. Efficient transportation, water, and wastewater services can entice existing businesses to expand and new businesses to locate. Workers also are attracted by people-focused infrastructure and retained by safe and convenient communities. The overall economic health of communities is improved by creating more effective and efficient infrastructure systems; from business attraction to talent retention to small business development, there is no economic development concern that infrastructure does not touch. However, in the past few decades, America's infrastructure system has increasingly come under pressure due to decades of disinvestment and increasingly damaging extreme weather events.

Failing Conditions

Failing infrastructure systems are sometimes highly visible in the media—for example, when a bridge collapses. In its 2021 report card, the American Society of Civil Engineers (ASCE) estimated that planned investment in infrastructure over the next 10 years will be $2.58 trillion below what is necessary to maintain and develop America's infrastructure.[4] Specifically:

- 43 percent of roadways are in poor or mediocre condition, forcing motorists to pay $130 billion annually in extra vehicle repairs and operating costs. Spending on roadway repair, expansion, and enhancement needs to be increased by 29 percent to meet "current and anticipated backlogs."
- Most of America's locks and dams are older than their 50-year design life. From 2010 to 2019, inland waterways experienced 23,000 hours of unscheduled closures.
- 45 percent of Americans work or live behind a high- or very high-risk levee. An estimated $21 billion is needed to repair and maintain just these high- and very-high risk levees.
- 46,154 bridges across the nation are considered structurally deficit, with 178 million trips taken across these bridges every day.
- A water main break occurs every two minutes, which resulted in 7.6 billion gallons of water lost every day in 2019.

4 2021 Report Card For America's Infrastructure, American Society of Civil Engineers, 2021



In the most grievous cases, the protracted deterioration of an infrastructure asset leads to catastrophic failure. Recent examples include the Flint, Michigan, water crisis and the recent collapse of the Fern Hollow bridge in Pittsburgh. The effects of such infrastructure collapse—whether sinkhole, bridge collapse, levee break, sewage system failure, dam collapse, blackout, or burst pipeline—reverberate through a regional economy. They cause property damage and injury, prevent workers and shipments from getting to their destinations, and cause environmental damage. Given the interconnectedness of infrastructure systems, the economic impacts of infrastructure failure often ripple far beyond the community where the failure occurs. ASCE estimates that the effects of the current $2.58 trillion deficit will cost the United States $10 trillion in GDP, $2.4 trillion in exports, and more than 3 million jobs over the next 20 years.[5]

Furthermore, deferred maintenance disproportionately increases future costs, when emergency repairs and closures are needed. Major rehabilitation projects after years of neglect are expensive and can take years to plan and execute.[6] Cities and states have struggled to pay for emergency repairs, sometimes ordered by state or federal governments. The financial burden of emergency maintenance has contributed to a string of recent municipal bankruptcies.[7] Research on the impact of federal disaster-risk mitigation and preparedness funding found that for every $1 spent on preparedness and risk-mitigation activities, about $15 of future damage is avoided.[8] The **Natural Hazard Mitigation Saves: 2019** Report, similarly conducted cost-benefit analyses of natural hazard mitigation actions. Below are five types of mitigation actions and disaster types, and the average cost-benefit ratio:

National Institute of BUILDING SCIENCES

	ADOPT CODE	ABOVE CODE	BUILDING RETROFIT	LIFELINE RETROFIT	FEDERAL GRANTS
Overall Benefit-Cost Ratio	11:1	4:1	4:1	4:1	6:1
Cost ($ billion)	$1/year	$4/year	$520	$0.6	$27
Benefit ($ billion)	$13/year	$16/year	$2200	$2.5	$160
Riverine Flood	6:1	5:1	6:1	8:1	7:1
Hurricane Surge	not applicable	7:1	not applicable	not applicable	not applicable
Wind	10:1	5:1	6:1	7:1	5:1
Earthquake	12:1	4:1	13:1	3:1	3:1
Wildland-Urban Interface Fire	not applicable	4:1	2:1	not applicable	3:1

Source: **National Institute of Building Sciences**

5 EDRG, Failure to Act **"America's Infrastructure Crisis Isn't Overstated,"** Brian Pallasch and Janet Kavinosky, Eno Brief Newsletter, 2013.

6 **It's About Time: Investing in Transportation to Keep Texas Economically Competitive,** Texas 2030 Committee (College Station, TX: Texas 2030 Committee), 2011.

7 White, "Lessons from American History"; **Going Broke One City at a Time: Municipal Bankruptcies in America**, Wayne H. Winegarden, Pacific Research Institute, 2014.

8 **"Myopic Voters and Natural Disaster Policy,"** American Political Science Review, August 2009.

Infrastructure Threatened by Climate Change

The decline of America's infrastructure has been compounded by a changing climate.[9] In the 1980s, an average of 2.9 disasters occurred annually, causing an average of $17.8 billion in damages. In the past 10 years, the United States experienced an average of 11.9 disasters per year, with annual average costs of $81.1 billion.[10] Roads, railways, bridges, and installations such as power plants and sewage treatment plants are often located on coasts and riverbanks, where they are susceptible to damage from storm surges, hurricanes, and floods. Droughts and heat waves threaten the viability of water systems, many of which have been built assuming a minimum water level.

The U.S. Department of Energy reports that climate change poses a serious risk to nuclear, coal, and natural gas power stations that rely on water for cooling. Although some areas are more susceptible than others, wildfires, flooding, and extreme heat threaten infrastructure assets across the country. Damage or destruction of infrastructure during natural disasters can cause government and private operators billions in repair costs. Furthermore, disasters can result in outages of power, communications, and water to businesses, severely disrupting their activities by causing worker absences, business closures, production delays, and delayed shipments. The ASCE estimates:

- Rising temperatures are estimated to add $19 billion to pavement costs each year by 2040.
- As extreme weather events such as droughts and flooding become more common and unpredictable, inland waterways will be increasingly inaccessible, forcing use of alternative, more expensive transportation methods.
- 21,000 bridges have been found to be at risk of overtopping or having their foundation undermined during extreme storm events.
- Severe weather events were the predominant cause of the 638 power outages reported between 2014 to 2018, a number that is expected to increase as extreme weather events become more frequent.
- 60 percent of non-federal hazardous waste sites are located in areas that may experience increased flooding, storm surge, wildfires, or sea level rise due to climate change.

An Opportunity for Change

For economic developers, whose metric of success is the economic health and vitality of the community they serve, addressing these trends is becoming an increasingly important task. The need to repair and, in some cases, redevelop infrastructure assets post-disaster presents a unique opportunity for communities to utilize post-disaster funding delivered by state and federal assistance programs.

9 **Third National Climate Assessment: Infrastructure**, U.S. Global Change Research Program, 2014
10 Brookings analysis of NOAA National Centers for Environmental Information (NCEI) data

Infrastructure Planning: Getting a Plan in Place

Economic recovery planning done before a disaster strikes is likely to result in more strategic redevelopment decisions that are consistent with the community's long-term vision. Such plans help communities save critical time by enabling them to make funding requests early in the recovery process. Economic developers will find it useful to become familiar with their county or state hazard mitigation plan. Often developed by the state or county office of emergency management, the plan is required by FEMA to guide future hazard mitigation actions (e.g., structural elevations, housing buy-outs, etc.). Knowing how the hazard experts view the greatest risks in a community is helpful when considering what economic development assets could be vulnerable.

For example, a Post-Disaster Redevelopment Plan (PDRP), is required of all coastal counties and municipalities in Florida. In a PDRP, a community identifies policies, operational strategies, and roles and responsibilities for implementation that will guide long-term recovery and redevelopment decisions after a disaster. Sarasota County's PDRP "emphasizes seizing opportunities for hazard mitigation and community improvement – such as upgrading or even relocating infrastructure or public facilities during repairs – consistent with the goals of the local comprehensive plan and with full participation of the citizens." Sarasota County's advanced planning will guide the community in deliberate decisions about redevelopment that would otherwise be difficult to make after a disaster, during the rush to rebuild.

A U.S. Government Accountability Office (GAO) review of recovery plans from six major disasters between 1995 and 2009 found three shared characteristics of successful plans: clear goals for recovery, detailed information to facilitate implementation, and timely development of the plan. For example, the city of Grand Forks, North Dakota, approved a recovery plan approximately three months after the 1997 flood of the Red River.

The different levels of infrastructure planning ideally build upon each other in a system that is internally, horizontally, and vertically consistent. Internal consistency refers to a plan that is aligned with each agency's regulations and budget expectations. Vertically consistent plans correspond to those at a regional level, which, in turn, integrate with state-level plans. With horizontal consistency, infrastructure plans align with those of neighboring communities and regions, as well as those for special districts such as a water or school district. Ideally these plans are also integrated and aligned across all levels.

However, it is often difficult to achieve this ideal model. The linkages between local, regional, and state infrastructure planning vary in their degrees of strength and awareness of what the other is doing. In the planning process for infrastructure maintenance and development, it is not surprising that strategic investment and economic competitiveness do not emerge as priorities; the process often becomes complicated by competing agendas. When economic developers understand this process, they may be able to influence decisions in service of ensuring goals are internally, horizontally, and vertically consistent. That is, economic developers participating in multiple planning processes can highlight those goals that are shared in an effort to support better decisions that will lead to a more resilient infrastructure environment.

Local Planning

At the local level, governments have the responsibility of creating long-term comprehensive plans, often referred to as a “comp plan.” It includes development regulations that translate the land use designations of the general plan into more specific ordinances—such as zoning—which regulate private development projects. These ordinances are then turned into processes which result in permits given or citations issued by a municipality. Comp plans are produced by a planning department, planning commission or board, and through extensive outreach to the local community.

Local infrastructure planning is also administered through a capital improvement plan and the capital budgeting process. The capital improvement plan (CIP) is a short-range plan (four to 10 years) which identifies capital projects and equipment purchases, provides a schedule, and identifies options for financing. The CIP is essentially the “action plan” to build and maintain infrastructure indicated in the comprehensive plan, as well as other strategic plans, and plans for schools, parks, and other municipal departments. In some communities, the CIP has a public comment component, but in others, it is completed by the city manager and heads of departments.

Unfortunately, because long-term strategic planning is not built into the CIP and capital budgeting process, issues that are the purview of individual departments (such as water supply management, sewer treatment, local road upkeep, storm water management, and parks and recreation) are typically integrated on an as-needed basis. This can lead to disjointed development, or at worst, creates a major financial strain on cities. Local government departments often operate in silos and may not communicate regarding their long-term maintenance and development plans. This leads to redundancies, such as re-paving city streets shortly before a scheduled sewer line replacement that requires excavation of the newly paved streets.

One solution is to keep capital budgets tied closely to comp plans and economic development strategies by engaging local planners and economic development professionals. When economic developers have a seat at the table, they are able to represent the needs of existing and emerging industries. When land-use planning and infrastructure planning are combined in a truly comprehensive way, there is potential to create environments that spur business development of all kinds and contribute to municipal budgets. It can help to ensure that the different zones of a comprehensive plan have the kind of infrastructure needed to support their functions. This is especially important for business; for example, downtown business areas should have adequate pedestrian environments, while industrial areas’ sewer and water needs should be calibrated for laboratories and/or manufacturing.

Many communities already incorporate economic development concerns into their infrastructure planning. However, given the local planning process, those concerns can be overlooked without economic development representation. Municipal governments and their planning processes are only one aspect of infrastructure planning that influences a community. Depending on the community and the structure of regional planning, some aspects of local infrastructure development may be covered in the Comprehensive Economic Development Strategy (CEDS) that is formulated by regional entities. This process is discussed at length later in this section.

Regional Planning

Regional planning aims to integrate local priorities into publicly approved plans in order to receive state and federal monies. The two primary guides for regional infrastructure planning are the Comprehensive Economic Development Strategy, known as CEDS, and transportation plans. Both planning processes develop broad goals and policies for achieving their main objectives, which then guide project selection and ranking for available funds.[11] Both engage local officials and stakeholders in the planning process. Because of the scope of these projects and the myriad players involved, the planning process is extensive, and there are many opportunities for economic developers to be involved.

Comprehensive Economic Development Strategies (CEDS)

CEDS are a useful planning tool, used by local officials and community leaders to guide decision-making and as an essential link to the federal government. The Public Works and Economic Development Act of 1965 requires a CEDS or CEDS Equivalent document in order to apply for investment assistance under EDA's Public Works or Economic Adjustment Assistance Programs. Additionally, CEDS are a prerequisite to the creation of an Economic Development District (EDD), which are designated by the Economic Development Administration (EDA) and enable a region to receive a range of EDA funding.

The CEDS is created by a public-private strategy committee consisting of elected officials and other local leaders. When developing the CEDS, the committee should analyze the regional economy and design a document to serve as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources.[12] The CEDS is meant to be a regional vision of economic development for the next five years. Throughout the planning process and afterwards, it is required that the CEDS be vetted through public hearings and made available for review and comment by the public.

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11 **Role of Transportation Planning in the Comprehensive Economic Development Strategy Process: A Nationwide Scan**, Norman Walzer and Melissa Henriksen, National Association of Development Organizations Research Foundation, April 2009

12 **Comprehensive Economic Development Strategy Overview**, CEDS Content Guidelines, U.S. Economic Development Administration

While the infrastructure projects included in a CEDS may include transportation, this is not the primary goal of the CEDS; transportation plans are the responsibility of Metropolitan Planning Organizations (MPOs) and Rural Transportation Planning Organizations.

Metropolitan Planning Organizations

A metropolitan planning organization (MPO) is a federally mandated and federally funded transportation policymaking organization that serves any urbanized area with a population greater than 50,000. MPOs develop short-term and long-term transportation plans, with the goal that the planning process be continuing, cooperative, and comprehensive. An MPO has five core planning functions:

- Establish a setting: Establish and manage a fair and impartial setting for effective regional decision-making in the metropolitan area
- Identify and evaluate alternative transportation improvement plans using data and planning methods, known as a Unified Planning Work Program (UPWP)
- Prepare and maintain a Metropolitan Transportation Plan (MTP): Develop and update a long-range transportation plan for the metropolitan area covering a planning horizon of at least 20 years that fosters (1) mobility and access for people and goods, (2) efficient system performance and preservation, and (3) good quality of life
- Develop a Transportation Improvement Program (TIP): Develop a short-range program of transportation improvements based on the long-range transportation plan, using spending, regulating, operating, management, and financial tools
- Involve the public: Involve the public and other affected constituencies in the core functions listed above

Rural Planning Organizations and Regional Transportation Planning Organizations

For planning needs outside of metropolitan areas, regional planning entities are contracted by state departments of transportation to conduct non-metropolitan transportation planning activities in support of statewide planning. These regional organizations are referred to as Rural Planning Organizations or Regional Transportation Planning Organizations (RPOs or RTPOs). RTPOs do not necessarily function as stand-alone agencies. Their purpose is to convene stakeholders around transportation and deliver priorities to state departments of transportation. Therefore, many RTPOs are housed in a parent agency that conducts other regional functions, such as a regional planning commission, council of governments, or regional Economic Development District. In any case, the responsibilities remain the same: engagement of policy committees made up of community leaders, public outreach, identifying development priorities, and creating short-term and long-term plans.

Participating in Local, Regional, and State Infrastructure Planning

In every community, the process for planning for future infrastructure is ongoing. For that process to favor growth and meet the needs of current and future businesses, the voice of the economic developer must be heard.

As explained above, transportation and infrastructure planning at the local and regional levels is complex. The first step in engaging is to determine how regional planning entities in a particular area are structured. Is there a Metropolitan Planning Organization (MPO) or an EDA-designated Economic Development District? Are they housed in the same organization or different organizations? Which organization is tasked with writing the Comprehensive Economic Development Strategies (CEDS), and which group develops short- and long-term transportation plans for the state?

Since CEDS are meant to be a regional vision of economic development for the next five years, economic developers can contribute significantly, providing analyses of existing and emerging populations and economic clusters, as well as speaking for the business community. Similarly, as MPOs and RTPOs develop short- and long-term plans, economic developers should be at the table to advocate for the current and future needs of key industries. For smaller organizations, keeping abreast of planning developments and weighing in during public processes may be the extent of engagement. Larger, regional organizations may already have strong connections with these groups, and economic developers should work to strengthen these relationships and become partners in planning.

The planning process for infrastructure maintenance and development necessarily focuses on a long-term view. Economic developers often work on a more constricted timeline, trying to arrange deals to attract or expand companies in the least amount of time. The infrastructure planning process may seem tedious; however, economic developers bring important information to the table, including information on industries that are expanding or contracting and demographic and workforce analyses. Furthermore, they bring with them the concerns of the business community, which is unlikely to be involved otherwise.

Planning to Build Back for Resiliency

The opportunity to redevelop in a way that increases public safety, protects critical infrastructure, and mitigates hazards is a silver lining after a disaster. The Infrastructure Security Partnership's (TISP) Regional Disaster Resilience Committee—comprised of more than 100 practitioners, policymakers, and technical and scientific experts from across the nation—developed **Regional Disaster Resilience: A Guide for Developing an Action Plan.**[13] The guide offers a detailed way to look at resiliency, providing a strategy to develop preparedness for communities to manage major disasters in today's complex and interdependent world.

Resilience—that is, increasing a community's resistance to costly damages and disruptions to life and property—strengthens a community and its potential for economic growth. Here are some examples:

- After flooding in the Susquehanna River left a third of Bloomsburg, Pennsylvania, under water and caused over $70 million in damage to the town's manufacturers, a 1-mile-long, 16-foot-high floodwall was constructed around the town in 2014, as well as a new flood-prevention system of levees around the town's industrial sites.[14]
- In 2018, Viroqua, Wisconsin, experienced two large floods, causing $25 million in damages to public infrastructure and damaging 90 businesses. In response, Vernon County and the City of Viroqua worked together to improve water and sewer infrastructure that would protect the existing Viroqua Industrial Park. In addition, a new shovel-ready Viroqua Business District was created above the flood plain by converting 50 acres of county farmland.[15]
- In 2017, Maple Canyon, a large green space in San Diego's urban core, experienced flooding that resulted in severe run-off, erosion, and damage to drainage systems. In response, the city plans to restore and rehabilitate the canyon to prevent future erosion, install 4,000 feet of new pipelines, and make innovative improvements to upstream infrastructure to prevent future flooding risks.[16]

13 **Regional Disaster Resilience,** The Infrastructure Security Partnership, September 2011

14 **EDA Infrastructure Investment Protects Manufacturing Businesses from Catastrophic Flooding in Bloomsburg, Pennsylvania,** Disaster, Success Stories, U.S. Economic Development Administration, August 2018

15 **Success Story: EDA Investment Advances Locally-Driven Strategy to Establish Flood-Resilient Business Sites in Viroqua, Wisconsin**, Latest Blog Posts, Newsroom, U.S. Economic Development Administration, September 2020

16 **U.S. Department of Commerce Invests $5.98 Million to Protect Businesses from Flooding in San Diego, California,** Latests Press Releases, Newsroom, U.S. Economic Development Administration, January 2021

Planning to Build Back for Economic Impact

Besides the opportunity to build back for greater resilience, post-disaster redevelopment offers a chance to improve the quality of development and to coordinate land uses and infrastructure in a way that can leverage economic growth. The EDO should focus on finding opportunities to build back for economic impacts that will persist beyond the rebuilding period. Note that the difference between economic impact and economic activity are often confused as interchangeable after a disaster. There are often very noticeable and high-expenditure rebuilding efforts that produce substantial economic activity through construction, hiring tradespeople, and replacing lost inventory or equipment, but this activity does not necessarily bring sustainable economic impact. Examples of projects with longer-term economic impact are cited below.

- In Bloomsburg, several major customers of the town's largest manufacturers were hesitant to renew their contracts due to concerns about future flooding. It was not until the flood prevention improvements broke ground that this hesitancy was resolved and production resumed. Without these improvements, Bloomsburg's manufacturers likely would have relocated, costing the small town some 900 jobs and associated tax revenue.[17]
- In Viroqua, the resiliency brought by improving flood mitigation infrastructure at the industrial park and the development of a new flood-safe business district will help both existing businesses expand and make the community more marketable to new investment. The project is expected to create 61 jobs and generate $8.4 million in private investment.[18]
- In San Diego, access to businesses located near the flooded area was restricted for an extended period while the excess water and debris remained, putting thousands of jobs at risk. Slated improvements to water infrastructure will protect these businesses from future impacts. Additionally, by restructuring the landscape and replanting vegetation to restore and protect the canyon's ecosystem, the nearly 2,000 jobs dependent on the Maple Canyon commercial-environmental ecosystem were saved.[19]
- Corridor improvements for Lyons, Colorado, after its devastating flood in 2013 are planned to improve the aesthetics of the town, improve safety, increase bicycle use and improve parking, and provide multi-modal paths that will connect blighted commercial areas and residential neighborhoods to the central business district.[20]

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17 **EDA Infrastructure Investment Protects Manufacturing Businesses from Catastrophic Flooding in Bloomsburg, Pennsylvania,** Disaster, Success Stories, U.S. Economic Development Administration, August 2018

18 **Success Story: EDA Investment Advances Locally-Driven Strategy to Establish Flood-Resilient Business Sites in Viroqua, Wisconsin**, Latest Blog Posts, Newsroom, U.S. Economic Development Administration, September 2020

19 **U.S. Department of Commerce Invests $5.98 Million to Protect Businesses from Flooding in San Diego, California**, Latests Press Releases, Newsroom, U.S. Economic Development Administration, January 2021

20 **Town of Lyons, Colorado: Leveraging Financial Resources**, Federal Emergency Management Agency, April 2022

Using Federal Dollars for Leverage

Typically, infrastructure costs are shared among multiple levels of government and sometimes supplemented by private funds.

- To build the $30 million flood control system, Bloomsburg obtained a $15 million grant from EDA, along with $12.5 million from the Commonwealth of Pennsylvania and $2.5 million in private funds. In 2017, it received an additional $2 million CDBG-DR grant to help expand the system.[21]
- In Viroqua, a $2.6 million grant from EDA to assist the project was matched by $660,000 in county and city funding.[22]
- In San Diego, EDA representatives convened meetings with representatives from FEMA; the San Diego Port Authority; the city's public works, transportation, and parks departments; the California State Coastal Conservancy; local impacted businesses and neighborhood groups. Ultimately, a $6 million grant from the EDA was matched by $6 million in local investment.[23]
- The town of Lyons, Colorado, suffered flooding that destroyed the town's electrical, sewage and potable water services, damaged or destroyed nearly 30 percent of its housing stock, and destroyed the town hall and library building. As part of Lyons' recovery efforts, leaders have proposed creating a new multipurpose magnet library and community center. A low- interest loan from the U.S. Department of Agriculture is one option for financing the library, which can be paired with local funding mechanisms available in Colorado such as building authorities, downtown development authorities, business improvement districts and tax allocation bonds.[24]

Specialist performing a critical infrastructure analysis for FEMA at Carlisle Barracks in Carlisle, Pa. on 4-28-2022. Source: **www.dvidshub.net**

21 **EDA Infrastructure Investment Protects Manufacturing Businesses from Catastrophic Flooding in Bloomsburg, Pennsylvania**, Disaster, Success Stories, U.S. Economic Development Administration, August 2018; **Building a 21st-Century Infrastructure for America: Economic Development Stakeholders' Perspectives**, House Hearing, 115 Congress, U.S. Government Publishing Office, September 2017; **Boomsburg awarded $2M grant to expand flood mitigation system**, SEDA-Council of Governments

22 **Success Story: EDA Investment Advances Locally-Driven Strategy to Establish Flood-Resilient Business Sites in Viroqua, Wisconsin**, Latest Blog Posts, Newsroom, U.S. Economic Development Administration, September 2020

23 **U.S. Department of Commerce Invests $5.98 Million to Protect Businesses from Flooding in San Diego, California**, Latests Press Releases, Newsroom, U.S. Economic Development Administration, January 2021

24 **Town of Lyons, Colorado: Leveraging Financial Resources**, Federal Emergency Management Agency, April 2022

Infrastructure Funding

The resources provided below regarding federal funding are an overview, rather than a comprehensive list, of federal infrastructure engagement. This is due to the ever-changing nature of federal policy in which programs are influenced by election and administration cycles. Therefore, economic developers engaged in infrastructure planning will benefit from strong relationships with their congressional representatives, who can be an important resource regarding a community's eligibility for federal programming. At the same time, legislators may not have a strong grasp of the myriad funding pots available for specific infrastructure projects. Economic developers should familiarize themselves with databases such as grants.gov, which is updated often with new funding opportunities. More information about federal funding can be found in *Chapter 8, Accessing Federal Resources.*

The federal government invests most of its infrastructure funding in transportation through programs driven by the Department of Transportation. Other types of infrastructure that support energy, communications, and sanitation systems are funded through a variety of sources, including grants and loans from various federal departments. The Cybersecurity and Infrastructure Security Agency has created a **compendium** of federal and state programs designed to support efforts to improve the resilience of communities and infrastructure systems. The Infrastructure Investment and Jobs Act, signed into law in late 2021, is considered a "once in a generation" investment designating $1.2 trillion in funding to address America's infrastructure deficit. Other major programs include:

- **Transportation Infrastructure Finance and Innovation Act**
- **Railroad Rehabilitation & Improvement Financing**
- **Private Activity Bonds**
- **Infrastructure For Rebuilding America Grants**

Combining Resources for Maximum Impact

Most federal funding available to repair infrastructure and facilities after a disaster is limited to restoring assets to their pre-disaster conditions. However, these funds can be coupled with other federal resources — or state, local, and private funds — to improve impacted infrastructure and mitigate damage from future disasters.[25]

25 **Federal Funding Resources for Transportation Recovery – Overview**, US Department of Transportation, December 2014

Though it varies based on the type of disaster, typical federal funding sources for post-disaster infrastructure repair, improvement, and redevelopment are distributed from FEMA's Public Assistance Program and Hazard Mitigation Grant Program; HUD's Community Development Block Grants Disaster Recovery Fund (CDBG-DR); the U.S. Army Corps of Engineers; and EDA Public Works and Economic Adjustment Assistance grants. Yet there are other sources of federal funds that can be used for disaster recovery that do not require designation as a presidentially declared disaster. For example, HUD allows grantees to reprogram previously awarded CDBG and HOME funds to disaster recovery activities. Other examples are given below.

- EDA and HUD-CDBG dollars ($18 million and $5.3 million, respectively) both are helping fund Minot, North Dakota's ambitious "Imagine Downtown" plan following the city's 2011 flood. The plan encompasses both business and residential renewal projects and the replacement of destroyed or damaged downtown infrastructure such as streets, curbs, storm sewers, water mains, streetlights, traffic lights and other projects, as well as creating new infrastructure to support future growth.
- In Vermont, following flooding from Hurricane Irene, communities needed funding both for the local share of FEMA-approved projects and for many recovery projects that were deemed ineligible for FEMA Public Assistance Program funding. CDBG-DR funding is filling the gap in many of these instances, for infrastructure and community facilities projects such as a childcare center in Waterbury, new municipal offices in Waitsfield and Moretown, and a feasibility study for the relocation of fire and police departments.

Infrastructure Financing: A Guide for Local Government Managers

The International City/County Management Association and the Government Finance Officers Association created a guide that economic development organizations can use to help secure infrastructure financing. The guide:

- Describes the full range of local infrastructure financing mechanisms currently in use
- Documents recent innovations in local infrastructure financing
- Illustrates cases where local governments have explored alternative methods of infrastructure financing
- Offers recommendations for local government managers who are considering the use of alternative infrastructure financing options

Access the Infrastructure Financing Guide at

https://icma.org/documents/infrastructure-financing-guide-local-government-managers

Another source is the Federal Highway Administration's Federal-aid Highway Emergency Relief program, which supplements state, local and other federal resources "to help pay for unusually heavy expenses resulting from extraordinary conditions." [26]

- After Paradise, California's roadways suffered heavy damage during the 2018 Camp Fire, the FHA's Federal-aid Emergency Relief program provided $36.2 million to repave the town's roads.[27]

26 **Special Federal-aid Funding.** U.S. Department of Transportation Federal Highway Administration, December 2021.

27 **Paradise secures $77 million in federal funds to repave roads,** Sharon Martin, Chico Enterprise-Record, October 2020

Other Methods of Funding Infrastructure

After a disaster, a community may have the opportunity to take advantage of previously underutilized and innovative mechanisms to fund infrastructure redevelopment. Below are several of the most commonly used alternative methods of financing infrastructure development.

Build a Public-Private Partnership

According to data from the U.S. Bureau of Economic Analysis 77 percent of critical nondefense infrastructure is owned by the private sector.[28] There are often opportunities for the public sector to work with private partners. It can provide technical assistance and even offer incentives or capital for owner-operators to rebuild more quickly and consider certain public-good outcomes in their recovery, such as incorporating resiliency.

DUBUQUE, IOWA

The laying of fiber optic cables is extremely expensive, estimated at $27,000 per mile, and made difficult by right-of-way laws and other regulations. Consequently, private investment is often limited to areas that are wealthy, densely populated, or both. As it sought to expand broadband access and address this issue, the city of Dubuque, with the help of Greater Dubuque Development, began to develop partnerships with private-sector service providers. These partnerships used master agreements to define legal, structural, and financial relationships. Through these agreements and the collaboration that followed, projects were approved and developed at a much quicker rate.

In four years, Dubuque increased its original 35 miles of conduit and fiber-optic cables by 300 percent and 400 percent, respectively, and the number of service providers operating in the area rose from two to 10. Thanks to this expansion of service, the city's residents were better able to weather the impacts of the Covid-19 pandemic due to the ability to work and attend school from home. A 2020 report by the **Benton Institute** provides more in-depth guidance on how communities can take advantage of this increasingly popular "public infrastructure/private service" broadband model.

State Infrastructure Banks

State infrastructure banks (SIBs) are publicly regulated loan funds to assist projects across a range of infrastructure modes, operating similarly to revolving loan funds.[29] Revenues used to capitalize the funds come from a variety of grants and other sources, such as local tax options, apportionment from federal, state, or local budgets, or some other form of debt or equity investment. Because they are state-owned and operated, they are not motivated by profit but do rely on principal repayments, bonds, interest, and fees to re-capitalize and replenish the fund as a perpetual source of debt financing.

28 **Who Owns U.S. Infrastructure?**, Cato Institute, 2017

29 **State Infrastructure Banks**, Build America Bureau, United States Department of Transportation.

Value Capture

User fees are a common source of infrastructure funding. Roadway users may pay tolls, transit users pay fares, and customers of water and sewer services often pay per-gallon fees. But some who may not be direct users are nonetheless the recipients of significant financial benefits from public infrastructure. Value capture is a type of public financing that recovers some or all of the value that public infrastructure generates for private landowners. When public infrastructure investments are made—such as new sewer lines, roads, or transit—the value of well-served land increases. Typically, these increases are largely a windfall to private landowners. Value-capture mechanisms – such as tax increment financing or establishing special tax assessment districts – allow the public sector to recapture some of that publicly created value.

Tax Increment Financing (TIF)

Tax increment financing is a common form of public financing which allows municipalities to borrow against the future property tax revenues of an improved area. TIF has been used predominantly to finance infrastructure improvements, but precedent exists for using TIF to finance land acquisitions and for planning expenses, brownfield projects, rehabilitating or demolishing buildings, and more. Municipalities usually will invest in a TIF project through an initial sale of bonds. As development occurs and the value of the property increases, two streams of tax revenue are generated. The "base rate"—the revenue resulting from the original tax value of the property—is collected and used as before, while the excess tax revenue is used to pay off the original bonds.[30]

The City of Orlando, Florida, for example, issued $23 million in TIF revenue bonds which, coupled with a $5 million loan for the Federal Department of Transportation, funded the construction of the Conroy Road Bridge. Within five years of the bridge's construction, the value of the 400+ acres of parcels that were made accessible increased from $6.5 million to $250 million.[31]

Conclusion

The time just after a disaster is difficult under the best of circumstances, and depending on the magnitude of the event, it can continue to be so for months or even years. In this time of stress and uncertainty, however, is a window of opportunity to make changes that result in a more physically resilient, economically vibrant community over the long term. By remaining focused on the big picture, the potential impact of catalytic infrastructure, and redevelopment projects, economic developers can ensure that this opportunity isn't missed.

30 **Tax Increment Financing.** Lincoln Land Institute.

31 **Project Profile: Conroy Road Bridge,** Federal Highway Administration, n.d.

11

Neighborhood Revitalization Post-Disaster

Chapter 11: Neighborhood Revitalization Post-Disaster

Overview

What happens at the neighborhood level directly affects people's lives. Whether or not a neighborhood thrives economically largely depends on key community members– residents, businesses, and property owners. Creating a framework for these actors to co-exist in a valuable, mutually supportive manner and work together toward creating and sustaining a safe, vibrant place is the goal of neighborhood development strategies.

When neighborhoods experience disaster impacts, business recovery depends upon integrated redevelopment and revitalization efforts. Neighborhoods that are more socially and economically vulnerable pre-disaster can experience greater difficulty with recovering because of the lack of financial resources and stability. In the wake of a disaster, economic development organizations (EDOs)[1] have the opportunity to leverage community engagement in the disaster recovery process to create a neighborhood revitalization plan that will support a stronger and more resilient business climate.

Neighborhood Revitalization and Other Recovery Efforts

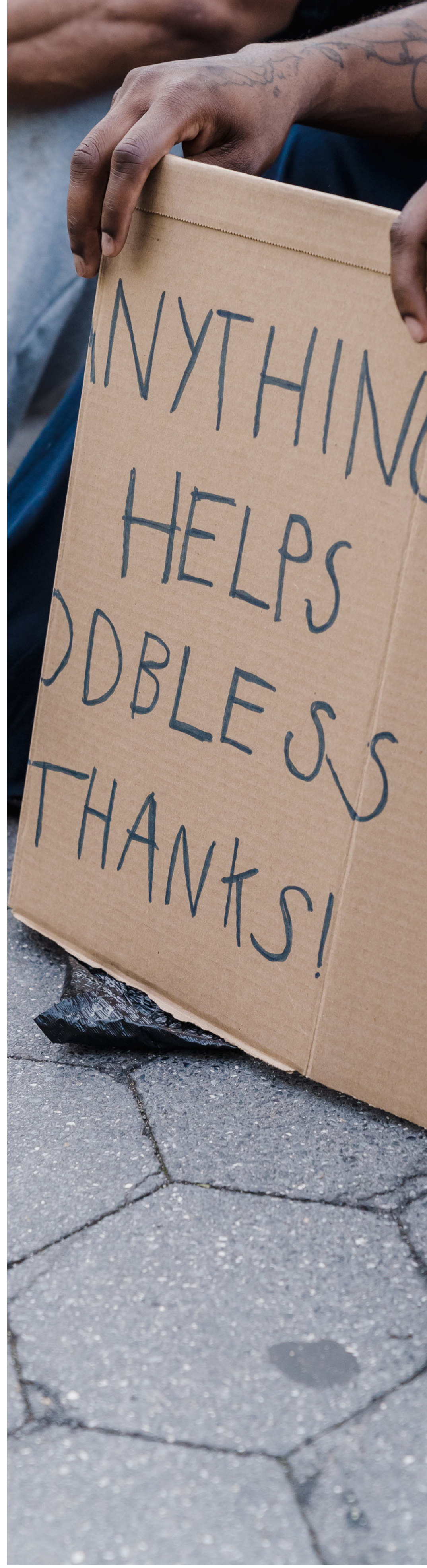
A disaster creates a chaotic environment in which community members across public, private, and nonprofit sectors will need to mobilize to identify and meet recovery needs. By its very nature, the neighborhood revitalization process integrates various stakeholders and their needs. The most successful methods let each partner bring its resources to bear, weaving them together to support a shared vision and assessment of community needs.

Neighborhood revitalization is one additional component of the overall EDO's recovery work. The businesses in the identified neighborhood(s) are a subset of the EDO's constituents. The EDO brings the strength of its existing knowledge base and resource offerings to support neighborhood development. Its general disaster recovery functions for the wider community are directly applicable to the neighborhood. EDOs are especially poised to provide leadership to support and coordinate a collaborative revitalization planning process.

1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

The chapter opens with a review of the challenges and opportunities during disaster recovery in a pre-existing distressed neighborhood, outlining a step-by-step neighborhood recovery process. Then it identifies specific revitalization opportunities in disaster recovery: infrastructure, streetscape and façade improvements, incentive zoning and permitting, and disaster recovery funding. The final section reviews communication strategies that support the success of the work.

Note that all implemented strategies must be tailored to the contexts of their respective communities. Not all disasters present the same challenges, and not all communities start out with the same resources.



Particular Challenges and Opportunities

In the wake of a disaster, neighborhood revitalization requires economic development projects that nurture and accrue assets for the community, at both the individual and collective levels. A holistic approach that uses traditional and non-traditional economic development activities is often required. A revitalization plan should address socioeconomic needs, entrepreneurship barriers, affordable housing, infrastructure status, chronic vacancy, crime rates, unemployment rates, workforce issues, and the neighborhood's history. The following challenges and opportunities provide useful questions and criteria when assessing a neighborhood's post-disaster needs.

Challenges

Though both address similar compounded socioeconomic impacts, neighborhood revitalization and disaster recovery are often seen as two separate and specialized economic development undertakings. Integrating the processes presents the following unique challenges.

Pre-Disaster Conditions

Disasters and economic disruptions can exacerbate pre-existing social and economic challenges or inequities. Issues such as systemic barriers to accessing capital and building wealth, population decline, and persistent vacancies and blight all may exist before a disaster, and both exacerbate and complicate recovery efforts. In terms of neighborhood revitalization, these issues can also be compounded by the combined physical and economic effects of disasters, with physical damage to neighborhoods adding to the financial strain experienced by distressed or underserved communities.

During disasters, low-income communities are more likely to experience property and infrastructure damages and face greater difficulties in accessing recovery funding or rebuilding services.[2] Underserved communities also tend to be located in higher-risk areas. According to the New York Federal Reserve, areas experiencing the highest rates of COVID-19 were also areas where Black-owned firms were more likely to be located.[3] According to this source, the top fifty areas affected by COVID-19 are home to two-thirds of counties with the highest rates of Black business ownership. White-owned firms, on the other hand, were less likely to be located in the areas of highest COVID-19 impact.

Some communities may also face pre-existing problems related to infrastructure development, which has historically played a significant role in uprooting and segregating communities. It is estimated that 475,000 families and more than one million people were displaced by the construction of the federal interstate system, for example. Disparities in infrastructure quality contribute to and exacerbate economic challenges for underserved communities. Studies have also shown that communities of color can be less likely to live in areas with access to reliable transportation infrastructure and are more likely to be at risk of adverse health effects to environmental pollutants, such as air pollutants linked to heart and lung disease.[4]

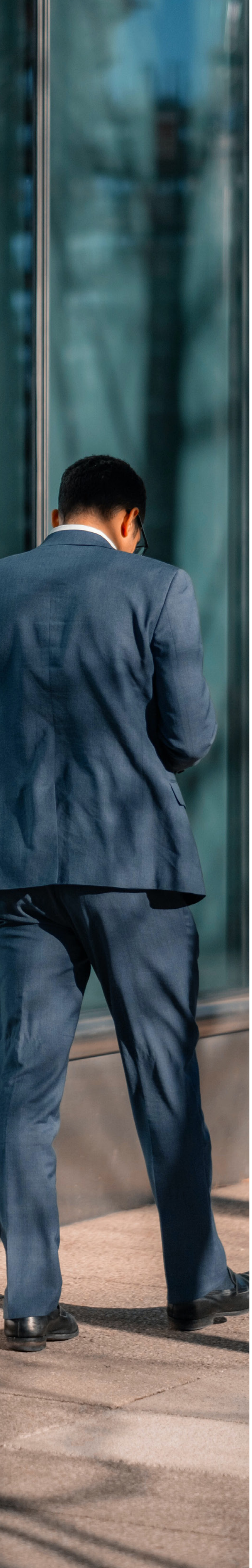
Lack of Capacity

Many communities face struggles related to capacity, both in terms of the knowledge and resources needed to carry out disaster recovery processes and the labor and institutional capacity to house and implement these efforts. When communities lack the organizational capacity to champion recovery and revitalization activities, they may face challenges related to coordination, leadership, and communication between stakeholders. They may lack the capacity to coordinate and disseminate external aid from federal and state funding programs. Capacity constraints may be more apparent in small or rural communities that are served by smaller organizations or organizations that perform a combination of different economic development functions. However, capacity constraints can be felt by all communities and organizations of any size. Resources are diverted and time is spread thin when addressing disaster recovery needs and the day-to-day needs of businesses and community members. Adding revitalization efforts to the list of responsibilities already undertaken can become overwhelming.

2 **Striving for Equity in Post-Disaster Housing**, American Planning Association, 2019

3 **Double Jeopardy: Covid-19's Concentrated Health and Wealth Effects In Black Communities**, Federal Reserve Bank of New York, 2020

4 **How Infrastructure Has Historically Promoted Inequality,** PBS, 2021



Identifying Local Needs

Neighborhood needs will depend on their residential and commercial makeups. Neighborhoods with vibrant business districts, for example, often have access to more pre- and post-disaster assistance opportunities because they are highly visible to the public sector. Smaller and scattered businesses in more residential neighborhoods, on the other hand, may be less visible and may lack connections to local economic development organizations or chambers. Consequently, without concentrated efforts to identify and reach them, they can be left out of essential communications and opportunities for assistance.

Morale and Long-Term Thinking

Disasters are traumatic events, both in terms of economic effects and their impacts on social cohesion and mental health. Following a disaster, communities may face challenges in bolstering morale and garnering support for forward-thinking recovery efforts. Discussions about the next steps may be limited by a sense that things need to return to normal or resume business as usual, which may prevent recovery efforts from realistically taking into account changes brought about by the disruption and may fail to account for possible downsides of what that "normal" may have entailed in the first place. These changes can present both challenges and opportunities. Discussions about the future should balance the need to establish a sense of normalcy and a realistic recognition of what may look different for the community. In some cases, the disaster can present an opportunity to do things differently, which can end up better serving the community.

Small Neighborhood Businesses Hit Hard

Different types of neighborhood businesses may face different risk levels. Some businesses may be local and family-owned, and owners' homes may be in the same impacted area, compounding the effects of the disaster on both private and commercial property. A smaller company might not be able to take on additional debt, forcing it to close. This is often a higher risk in underserved neighborhoods, where businesses' low cash reserves and sales cannot support additional debt.

For example, financial risk tends to be higher for Black business owners, with 58 percent reporting risk of financial distress compared to 27 percent of white business owners. Just one-fourth of Black business owners report having a recent borrowing relationship with a bank. Black business owners are also more likely to feel discouraged to apply for financing, with 37.9 percent reporting so compared to 12.7 percent of white firms.[5] Exacerbating this issue is lower approval rates for Black-owned firms applying for financial assistance. Survey results have shown that despite this, Black-owned firms apply at higher or equal rates to white-owned firms but experience higher rates of denial.[6]

5 **Double Jeopardy: Covid-19's Concentrated Health and Wealth Effects In Black Communities**, Federal Reserve Bank of New York, 2020

6 **Small Business Credit Survey**, Fed Small Business, 2020

Equity and Inclusion

Sometimes neighborhood's history can include economic and community development processes that have contributed to inequities in access to jobs, resources, social capital, and wealth. Revitalization efforts present vital opportunities to bring in stakeholders who may have been left out of traditional economic development processes, as well as to assess and address systemic challenges that may have been brought to light or exacerbated during the disruption.

Opportunities

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

Re-group, Re-connect, and Re-focus

A disaster presents an opportunity in that everyone impacted can relate to the issues and pains of recovery. This common bond is a chance to have people work together, reconnect, and re-focus a neighborhood to address both long-standing and new issues related to the disaster.

Leverage Available Resources

There are many economic development programs and social benefits available to distressed communities. During recovery, these programs should be leveraged, and the status of the distressed area can assist in marketing efforts and advocating for needs. Communities are often eligible for more funding based on criteria related to distress.

Prevent the Spread of Blight

Post-disaster blight can quickly spread when houses and businesses are abandoned. A recovery program or plan presents an opportunity to stop and eliminate blight. This is especially appealing to surrounding neighborhoods and residents who may be concerned with their property values declining.

Rehabilitate and Repurpose Existing Neighborhood Assets

Every neighborhood has assets that can serve new purposes post-disaster. 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 lacking large parcels. Another example is increasing green space for the neighborhood and the city.

Improve Quality of Life

A blighted neighborhood hurts the city and residents in many ways, including reduced property values for adjacent properties and neighborhoods, which affect the city's tax base. A disaster can present the opportunity to revitalize the area and increase property values and the tax base.

Identify and Mitigate Risk Factors

Disasters often highlight a community's existing risks and vulnerabilities. As communities work to recover, they can assess disaster impacts to identify these risk factors and pre-existing conditions and engage in planning focused on their mitigation. This is also an opportunity to take stock of inequity driven by neighborhood factors such as housing, access to financial resources, education, and more.

Redevelop Plans with Inclusive Goals

Many communities and organizations redevelop their strategic plans after a disaster, as their short and long-term needs change in the face of new economic challenges. This presents an opportunity to develop plans with a more defined focus on resilience and diversification, as well as preparedness for future disruptions. Furthermore, inclusive development goals that address inequities in economic opportunity, especially for neighborhoods that are disproportionately affected by disaster impacts, can be defined in these new plans.

Power and Asset Mapping

As communities work to identify and build financial assistance programs to help businesses and residents recover, they can build on this process to assess existing financial assistance and capital access opportunities. This assessment can help to determine the need for supporting programs and institutions such as Community Development Financial Institutions (CDFIs), as well as opportunities to house programs within EDOs or engage state and federal resources.

Keep What Works

After a disaster, many changes and initiatives are instituted as temporary measures to treat immediate impacts. However, these temporary measures can sometimes end up offering permanent solutions. Assessing the benefits of short-term measures can lead communities to incorporate successful aspects of programs and streamlined processes into normal operations. See the spotlight on Covid-19 and outdoor dining in California below.

CALIFORNIA

Emergency and short-term changes are often implemented during disasters so that businesses and communities continue to function, even when a disaster's effects have not subsided. During the Covid-19 pandemic, for example, many restaurants transitioned their dining options to outdoor seating and delivery models to keep revenue coming in amid increased public health and safety restrictions. For many communities, this meant having to quickly relax regulations to allow businesses to use parts of public sidewalks and roads. These changes were often designed to be temporary. Yet as the pandemic has persisted, and many restaurants have concluded that their enhanced dining options would continue to be beneficial even as operations returned to normal, more permanent solutions are being explored.

For example, in California, pre-Covid, restaurants would have had to go through an extended permitting process to expand their liquor licenses to serve outside. Emergency guidance in response to the pandemic temporarily eased this process, allowing more direct action by cities to approve these changes. In addition to the positive impacts for businesses – which needed to react quickly to the changing conditions of the pandemic to avoid devastating revenue losses and closures – many communities have also cited benefits from having increased access to outdoor spaces and neighborhood activity. As a result, many businesses see the benefit of keeping their outdoor dining programs permanent. Across California, city and state lawmakers are working to pass initiatives that would either extend these programs through the year or make them permanent.[7]

7 **A Push to Make Outdoor Dining Spaces Permanent**, *The New York Times*, 2021

Neighborhood Revitalization Process

Creating change in a neighborhood may be easier after a disaster if it brings a strong sense of common purpose, goodwill, and community spirit. Implementing the following steps, explained in detail below, can help capture this energy to create change.

Step 1: Mobilizing the neighborhood for change

Step 2: Assessing neighborhood needs

Step 3: Developing a shared vision

Step 4: Identify potential organizations to drive planning strategies

Step 5: Developing a Neighborhood Revitalization Plan

Step 1: Mobilizing for Change

In a post-disaster situation, efforts need to be organized quickly while the disaster is still front of mind before valued parties lose interest. The daunting task of recovery and revitalization will require a collaborative effort from stakeholders across public, private, and community-based sectors. These stakeholders can include residents, business owners, local organizations, government agencies, educational institutions, and more. Expressing the goal to revitalize is a start in organizing efforts. From these interested parties, ideas for revitalization strategies will begin to form, however, committing to a specific recovery strategy is not required right after a disaster. Ensuring the neighborhood is included in recovery efforts, and that needs are brought to the attention of stakeholders during redevelopment are beginning steps for neighborhood revitalization. Efforts to organize include:

Identify Relevant Stakeholders

It's important to know which groups to involve so that the neighborhood is appropriately represented, and recovery efforts can be easily organized. It is imperative to identify local nonprofit, civic and community groups involved in the area, religious organizations, prominent business owners in the neighborhood, and contacts at the city, regional, and state levels. Gathering contact information through formal networks can bring many stakeholders to light, but informal discussions on the goal of revitalizing the neighborhood can spur interest and bring forward additional contacts.

One method of identifying stakeholders and their roles or impact on decision-making is called "power mapping." Power mapping[8] looks at who in a community is involved in decision-making and policy development and can be applied within spheres from economic development to food security. Concerning neighborhood revitalization, power mapping considers the stakeholders involved in decisions regarding planning and zoning, economic and business development, downtown development, education, and social services.

8 **Power Mapping 101**, National Education Association EdJustice, 2022

Identify a Revitalization Champion(s)

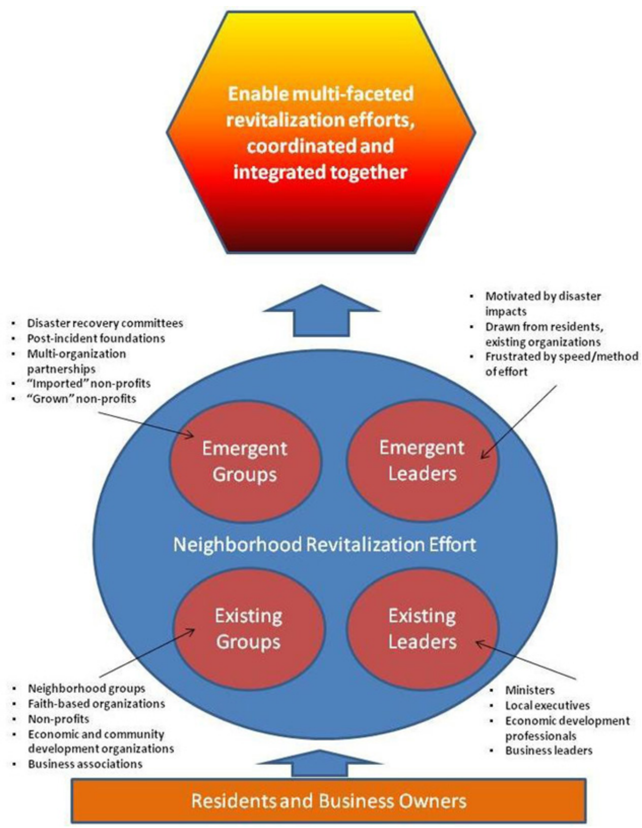
Revitalization efforts need a champion, whether it's an organization or individual residents. This champion serves as a point of contact and resource, providing a clear communication stream. Additionally, champions lend their energy, advocacy, knowledge, and trustworthiness to the effort. Residents who could be champions can be identified at neighborhood meetings, thus empowering individuals with a vested interest in their neighborhood.

Gather Residents to Spur Interest and Educate

Gathering residents of the distressed neighborhood doesn't have to require lengthy preparation. Convening soon after a disaster can allow the opportunity to educate residents on resources available for recovery and on the goals to revitalize a neighborhood. This can help mitigate property abandonment in the neighborhood by showing property owners that revitalization is being planned. Just knowing efforts are underway to improve the neighborhood can be a powerful incentive to persuade residents to stay.

Roles and Responsibilities

Successful neighborhood revitalization strategies require a commitment from numerous actors, including residents, businesses, neighborhood institutions and organizations, and economic developers. These roles and responsibilities may have changed from the pre-disaster situation and adapting to the new environment will enable a more cohesive revitalization. The figure below captures how these different groups can interact and integrate to support revitalization efforts.



Residents and Business Owners

Roles: Drivers of redevelopment and primary stakeholders.

Responsibilities: Participate in neighborhood organizations. Provide input for planning efforts, including attending neighborhood meetings and hearings. Support the local economy and businesses. Embrace or work against a negative neighborhood image or identity.

Emergent Leaders

Roles: Drivers of change, visionaries.

Responsibilities: Represent the needs of the community. Encourage community involvement. Publicly advocate for the community. Bring attention to the community and its needs.

Emergent Organizations/Groups

These are groups that likely respond to heightened needs.

Roles: Develop capacity to attract and distribute resources.

Responsibilities: Represent the needs of the community. Encourage community involvement. Publicly advocate for the community. Bring attention to the community and its needs. Partner in planning work and collaboration.

Established Organizations

These may include local business development organizations, religious groups, community centers, and social service agencies.

Roles: Provide institutional resources to support neighborhood revitalization. Attract or reposition resources to respond to post-disaster needs and neighborhood revitalization work.

Responsibilities: Inform and connect the community with resources. Represent the needs of the community. Encourage community involvement. Publicly advocate for the community. Represent neighborhood interests, provide capacity for redevelopment, reach out to local professionals for skills, and provide knowledge of the neighborhood to the community and other parties. Partner in planning work and collaboration.

Economic Development Professional

Roles: Lead capacity-building, redevelopment, and revitalization process for disaster recovery.

Responsibilities: Serve as an analyst of the needs and conditions of the neighborhood, a catalyst and advocate for change, an educator to the public and other officials, and a visionary to assist in visioning a revitalized neighborhood and connecting resources to do so.

Local Government

Roles: Health, safety, and welfare of the community.

Responsibilities: Provide disaster recovery resources, support revitalization strategies, and collaborate across departments and agencies. Recognize the individual needs of each neighborhood, enforce housing codes to fight blight and vacancy, streamline permitting process, and work with community organizations to stimulate neighborhood confidence. Provide planning services and data in support of neighborhood revitalization.

Step 2: Assessing Neighborhood Revitalization Needs

Assessing revitalization needs can begin during the initial organizing efforts, during the visioning process, or during recovery planning. Ideally, it occurs immediately after a disaster before people and businesses may permanently leave a neighborhood.

Assessing the post-disaster revitalization needs of a distressed neighborhood will require additional effort compared to general economic assessments carried out post-disaster. The level and depth of an assessment may depend on the capacity of the organization carrying it out and the bandwidth of neighborhood stakeholders to participate. Assessments should aim to avoid asking too much of businesses or community members struggling to recover. To encourage completion of the assessment and justify the investment of time and energy, it is important to communicate its importance in securing recovery resources that will directly aid the participants.

The goal of the assessment should be to identify and understand the neighborhood's specific needs, challenges, and opportunities, and to give community members the chance to communicate their experiences directly. This should be completed as soon as possible after a disaster and tracked during recovery to see if needs have changed or remain. Common follow-up points include three-month, six-month, and one-year check-ins to assess progress and provide additional assistance or evaluation where challenges occur.

Examples of information to collect include critical neighborhood assets to reopen or preserve, neighborhood values, prior issues and barriers that may arise again, neighborhood-wide recovery needs, and property status.

Tools to Assess Revitalization

Reaching out to Businesses

Identify businesses' needs and issues through electronic or paper surveys and in-person meetings. Examples of information to collect 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 standard method to gather information on a neighborhood's needs and issues. Qualitative and quantitative data can identify gaps, gather ideas for redevelopment, and gauge what is valued in the area. Different groups can implement the survey, such as a community development corporation, a business improvement district, EDO, or a local neighborhood group. Whoever implements the survey should have a trusted relationship with recipients to ensure better, more truthful responses.

It is important to be strategic about the key metrics and indicators collected through the survey. Metrics should reflect a neighborhood's makeup and goals and provide information that can support recovery and revitalization efforts. Survey results can be a basis for requesting funding and designing programs and incentives. Surveys also should be careful to use metrics that are appropriate to the community's needs.

Large group meetings with businesses

Business owners are often community leaders as well. They can provide insight into the challenges facing their businesses and neighborhoods, and the social issues faced by their clientele. Business owners typically have a vested interest in revitalization, related to both their businesses and the surrounding neighborhood. It is important to provide a platform for business owners to meet and communicate with others participating in revitalization efforts. Meeting with owners can provide information that may be missed in a survey or online form. Meeting in small groups, at neighborhood business meetings, or through online forums opens communication channels and allows EDOs to build, mend, or create trusting relationships that are useful throughout revitalization.

One-on-one meetings with business owners or managers

In addition to group meetings, one-on-one meetings can allow business owners and community members to engage directly with the revitalization effort and communicate needs or interests that they may not have shared in a group setting. These meetings can also be integrated into other business recovery processes, such as one-stop shops set up after disasters or other case management efforts.

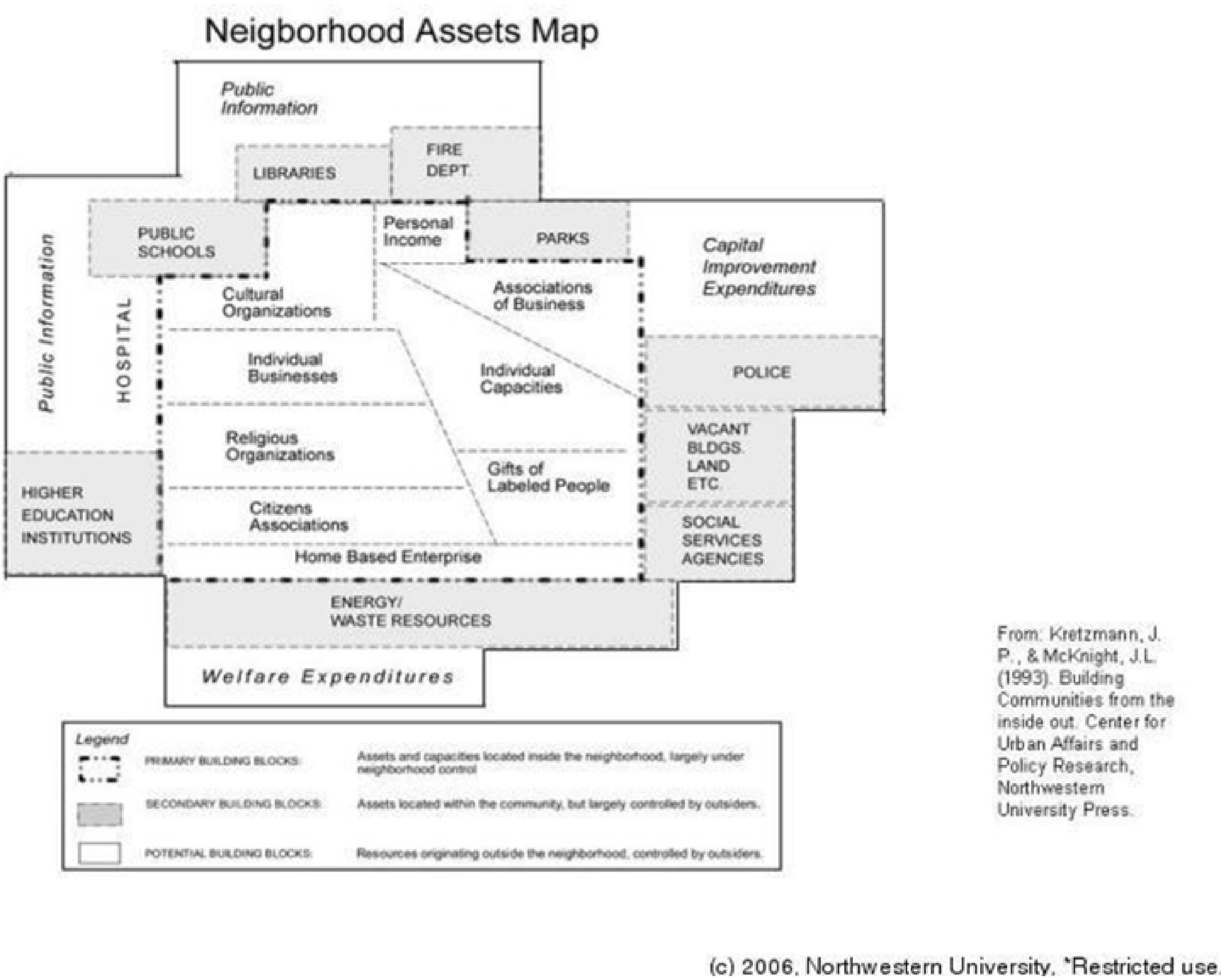
Neighborhood gatherings or meetings

In addition to meeting with representatives of the business community, neighborhood meetings expand the reach of revitalization efforts by incorporating different kinds of community groups and residents. Neighborhood meetings can involve representatives from schools, religious groups, housing associations, libraries, community amenities, and more and should aim to be reflective and include a neighborhood's diverse social network.

Neighborhood asset mapping

Asset mapping shows the neighborhood's assets, highlights the interconnections among them and may reveal ways to leverage those assets. Assets are not only physical but also include relationships, cultural strengths, and human capital. There is no one way to conduct neighborhood asset mapping. For a sample structure and more information, see resources from DePaul University's **Asset-Based Community Development Institute**, specifically the materials on types of asset mapping, facilitation tools, and talking points. The diagram shows an example of the framework.

See the neighborhood asset map diagram below for an example of the framework.



Source: Building Communities from the Inside Out, Kretzmann J.P. & McKnight, J.L., Northwestern University Press, 1993

Equity mapping

A similar process to asset mapping, equity mapping can show the accessibility of economic opportunity within communities. Using GIS, equity maps can help explain where and why opportunities to receive education, access financial support, own homes, and more are distributed unequally within different neighborhoods. This information can be used to address existing inequities and mitigate potential risks for areas lacking economic opportunity.

Step 3: Developing a Vision for Neighborhood Revitalization

To build support for neighborhood revitalization, all stakeholders, especially existing residents, need to be part of developing a vision for a stronger neighborhood. The success and sustainability of revitalization attempts depend upon the engagement of residents and desire for change from the community. Building a vision and engaging residents throughout the revitalization process can create a sense of ownership of a neighborhood, its challenges, and the implementation of interventions.

A recent disaster gives neighborhood residents common ground upon which to connect and begin the process of rebuilding not just the physical neighborhood, but its identity and social ties. To start the visioning process, hold a meeting, event or other gathering to engage residents and revitalization partners. This can be tied to assessing revitalization needs and rallying neighborhood stakeholders to be catalysts for change. Potential exercises include charrettes or other engaging activities that can get attendees to identify the neighborhood's key issues and begin developing a vision of what it can become.

Step 4: Identify Potential Organizations to Drive Planning Strategies for Revitalization

Several organizational frameworks are discussed below. Choosing one of the models alone will not facilitate revitalization, but it can be a start with neighborhood support and partnership among other local stakeholders. Other organizations, such as business improvement districts or special assessment areas, can also undertake recovery planning processes. After a disaster, many things will change. The lead organization should account for this by being flexible while outlining a framework for the revitalization to continue.

Neighborhood Redevelopment/Revitalization Task Force

A redevelopment or revitalization task force is a group of key neighborhood and community stakeholders that pools ideas and resources to lead revitalization efforts. It should be able to provide local insight on neighborhood issues and work to address them by advocating for the neighborhood to groups both within and outside the community, including with local agencies and local governments.

One of the first steps in creating a redevelopment task force is identifying the stakeholders who will be members. This can include residents, community leaders, neighborhood organizations, government officials, and professionals with potentially relevant skills. Residents can be recruited during the visioning meeting or other neighborhood meetings. Another critical step is defining the scope of the task force's work. This enables the task force to stay on track and defines goals that can be described to outside parties.

Steps for forming a task force:

- **Involve public and private stakeholders with varying skills and spheres of influence**. For example, liaisons to other recovery strategies and neighborhood representation.
- **Identify the scope and clear goals for the task force**. Determine what they will address, whom they report to, and who reports to them.
- **Give the task force a voice**. Identify representatives who can speak on behalf of the task force to city, regional, and state officials.
- **Partner with an enforcing power**. Partnering with a city office, community development corporation, or another organization allows the task force to use established organizations' resources to execute planning steps and make key connections during the planning effort.

Utilizing a Community Development Corporation

A community development corporation (CDC) can play a unique role in neighborhood economic development and revitalization post-disaster. The University of Maryland defines CDCs as "community-based organizations that anchor capital locally through the development of both residential and commercial property, ranging from affordable housing to developing shopping centers." The University of Alabama's Center for Economic Development defines CDCs as "non-profit organizations that originate locally from the efforts of residents who are determined to revitalize their neighborhoods and/or towns. Revitalization activities include developing affordable housing to attract homeowners back into their neighborhoods, initiating economic development, and developing social services."[9]

While many CDCs engage in property revitalization, they can also engage in economic development, sanitation, streetscaping, neighborhood planning, and even social services such as education. This flexibility allows neighborhood CDCs to adjust the mission and scope of the organization for specific needs. While a CDC is not the only form of neighborhood redevelopment group, its charge is to be an active advocacy organization trying to solve neighborhood problems.

9 **Community Development Corporation Information Guide**, University of Alabama Center for Economic Development, 2013.

Roles of a CDC:

- Providing leadership to stimulate the development process within the community
- Packaging public and private financing
- Investing in development projects
- Developing and managing development projects
- Providing technical assistance
- Assisting in directing city investments within neighborhoods to achieve the most significant impact and leverage

Funding

Although CDCs can be for-profit or nonprofit, most are nonprofit 501(c)3 tax-exempt organizations. This status qualifies them to obtain government and private foundations' financial support. For-profit CDCs are generally subsidiary organizations of larger entities (such as banks) and undertake some profit-making development work.

Creating and Using a Main Street Program

A Main Street program is an excellent tool for neighborhood revitalization in that it focuses resources on a specific area. Main Street America was formed in 1980 as an initiative of the National Trust for Historic Preservation to address issues facing older and historic downtowns.[10] It has grown into an independent organization with a network of over 1,000 downtowns. As a unique economic development tool, the Main Street Four-Point Approach leverages local assets such as cultural or architectural heritage, local enterprises, and community pride to revitalize districts. It is a comprehensive strategy that addresses various issues and problems that challenge traditional commercial districts. The four points are Organization, Promotion, Design, and Economic Vitality.[11]

Funding

Financial support for a Main Street program comes from the local entities that have a stake in the commercial area: the city government, merchants, businesses, and the public. The success of the Main Street program over the years lies in the fact that it is a local initiative, both organizationally and financially.[12]

10 **About Us**, Main Street America, 2022.
11 **The Approach**, Main Street America, 2022
12 **The Approach**, Main Street America, 2022

Step 5: Developing a Neighborhood Revitalization Plan

A neighborhood revitalization plan guides and organizes efforts by identifying current issues, capturing the neighborhood's vision, and defining action steps and a structure inclusive of existing and new stakeholders. This plan and framework identifies how the city, developers, and other organizations can assist in revitalization. Planning efforts can follow the strategic planning process (see *Chapter 9, Strategic Planning*), but a neighborhood revitalization plan should include additional considerations.

Often, the revitalization plan will operate in conjunction with pre-existing or concurrently developed strategic plans, such as comprehensive development plans, recovery or resilience plans, downtown development plans, and economic development strategic plans. It is important to be aware of and engage the leaders of these planning initiatives to avoid duplicating or conflicting efforts. Ideally, strategic plans focused on different aspects of economic recovery will build on and support one another under a cohesive vision.

Engage the public and private sector

A revitalization plan that has not engaged a wide range of stakeholders may face challenges in garnering support, going unrecognized by key players who support and facilitate the revitalization generally. It is important to sustain community and business representatives' engagement and support from the recovery process through subsequent planning efforts. Focus groups, town halls, and review forums can provide opportunities for input and engagement. Additionally, these representatives can be included in the task force or other leadership positions in the planning process.

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 it was pre-disaster. Customers can change with the changing neighborhood, and businesses may no longer serve the neighborhood's social and physical needs. A plan should recognize and anticipate market shifts in the community, identify opportunities brought about by these changes, and mitigate associated challenges. These potential changes can be identified during the initial needs assessment.

Ensure the plan identifies action steps to address pre-existing issues

Acknowledging challenges that a distressed neighborhood faced before a disaster is the first step to identifying solutions. Identifying action steps to combat these issues and barriers is critical to sustained revitalization. Vacancy and blight, common issues in distressed neighborhoods, are addressed later in this chapter, along with strategies to tackle these problems.

Follow up with implementation and monitoring

A revitalization plan that fails to outline implementation steps and identify those responsible will likely never be brought to fruition. During the implementation phase, an accountability mechanism must be in place for those executing the plan. Implementation and monitoring processes also will identify key metrics and performance goals. What measures will indicate that the revitalization effort has been successful? What measures indicate the effort's sustainability? These will differ between neighborhoods and should reflect inclusive and comprehensive recovery and redevelopment goals.

Connect plan with broader citywide recovery plan and policies

A revitalization plan will be more likely to succeed if it is connected to a locality's broader recovery plan and policies. Without this integration, the plan may be overlooked by developers or other groups who are looking at the city plan alone, thereby perpetuating disinvestment in the neighborhood. At the same time, the revitalization plan should not simply conform to the city or regional plan but should supplement and inform it by providing neighborhood-level perspective, action items, and other social and economic data for decision-making.

Revitalization Opportunity Areas

As communities recuperate after a disaster, recovery efforts and revitalization efforts can align and build on one another. A distressed community's existing economic challenges often get wrapped into the disaster's impacts, meaning the treatment of one issue becomes inextricable from the other. Rebuilding neighborhood assets like infrastructure, streetscapes, and commercial centers can both be responsive to the disaster and offer an opportunity to build an area back better than before. Furthermore, the resources that become available to communities for disaster recovery can typically be leveraged to address broader economic development and revitalization goals.

Improving Infrastructure

Pre-disaster, distressed neighborhoods often face infrastructure challenges such as broken sidewalks, insufficient street lighting, or old water and sewage systems that can contribute to economic stagnation or decline. Additionally, communities may face issues with broadband availability or affordability, which is essential to participate in today's economy. Inadequate infrastructure limits businesses' competitiveness and may encourage them to relocate to an area with better services. This also holds true in post-disaster environments when infrastructure has been severely damaged. EDOs can work with the city to prioritize and identify funds for infrastructure revitalization.

Revitalizing vacant spaces is a common infrastructure need post-disaster. EDOs can work with neighborhood partners to find creative uses for vacant spaces, such as urban farming, pop-up art installations, pop-up event venues, and temporary parks. EDOs can also partner with the city to create a vacancy program, as was accomplished through Newark, NJ's Adopt-a-Lot program, and the Pittsburgh, PA Vacant to Vibrant program. Partnerships with cities can also address zoning and planning challenges for redeveloping or repurposing spaces.

Streetscape and Facade Improvements

The streetscape in a neighborhood commercial area has a big impact on its image. Rebuilding post-disaster presents a prime opportunity to pursue funding for streetscape improvements such as benches, streetlights, banners, and planters. Infrastructure and streetscape improvements can be critical inputs to help attract investment from developers when completed in conjunction with a revitalization strategy.

Similar to the benefits of streetscape improvements, a facade improvement program signals care and investment in a community by improving the appearance of its commercial establishments. Local organizations and businesses can identify funding opportunities, connect volunteers, and address other barriers to improve the look of commercial 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 streamline the permitting process for rebuilding, renovating, or creating new businesses. City and county staff can be overwhelmed by other recovery efforts and capacity challenges post-disaster, so a large influx of permit applications often creates a backlog. In addition, current zoning in the neighborhood may be detrimental to redevelopment and add to delays in the permitting process.

Attracting Funding and Support

Post-disaster, a neighborhood can leverage its prior distressed status and the impact of the disaster for increased funding opportunities and support. Support is sometimes easier to come by. For example, volunteers can be used not just for labor and cleanup but also for organizational work, such as updating social media pages. Similarly, organizations and businesses in the community that were not affected may be willing to assist.

Funding opportunities include local options such as donations from foundations and other groups, which can be applied for through CDCs or other neighborhood organizations. Grants from federal to local governments are often available in direct response to disasters and economic disruptions, such as funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the American Rescue Plan Act in response to Covid-19. Seek grants that apply to the neighborhood's circumstances, such as those that apply to low-income areas, food deserts, or places that qualify for historic preservation grants.

Neighborhoods can also work with city, county, or state governments to establish tax incentives for investment. Examples include Enterprise Zones or a revitalization overlay district. Depending on local policy, cities may be able to implement tax increment financing (TIF) for redevelopment. TIF allows a portion of rising property taxes to be redirected to subsidize public and private investments that contribute to redevelopment. Though TIFs are intended mainly to capture revenues resulting from the redevelopment's positive impact on property values and related taxes, usage of TIFs can divert funds away from traditional general fund uses such as schools and public services. It is important to consider whether shifting this funding to redevelopment or seeking alternative funding sources is the best choice.

ALBANY, NEW YORK[13, 14]

The City of Albany, N.Y., received $85 million through the American Rescue Plan Act (ARPA) in 2021. In response, the city created a Covid-19 Recovery Task Force to assess Albany's needs and determine how and where this funding should be invested. Leaders recognized that this unprecedented financial opportunity could be used to address both immediate Covid-19 recovery and long-standing needs exacerbated by the disaster. For Albany, one key issue is widespread vacancy and blight; the city had identified roughly 900 abandoned buildings in need of renovation or redevelopment.

The Albany County Land Bank, Capital District Habitat for Humanity, and the Albany Community Land Trust together developed a letter advocating for a portion of the city's Covid relief funding to be allocated for neighborhood revitalization efforts in historically underserved areas. Their request cited the need to address historic and systemic inequities; redlining practices going back to the early 20th century divided the city racially and contributed to unequal economic outcomes for predominantly Black communities. Barriers to homeownership and wealth-building have resulted in a lower quality of life and lower access to opportunity for many in such neighborhoods. Revitalization investments present the opportunity to address both historic inequities and recovery from the economic challenges exacerbated by Covid-19.

The group proposes to use this funding for building rehabilitation, the construction of affordable housing, and preservation of existing homes, implemented on a block-by-block basis. The funding would also be invested in existing grant programs and new grant opportunities for revitalization and homeownership support. As of early 2022, the city has made up to $25 million available for competitive request.

13 Reverse redlining: Albany organizations ask the city for $20 million for neighborhood revitalization, *Times Union*, 2021

14 City grant promotes community revitalization efforts in Albany, Spectrum News, 2021

Communication Strategies

Clear, regular, reliable communication is critical in post-disaster recovery; for more information, see *Chapter 7, Crisis Communications*. The recommendations in this section address how to adapt communication strategies for neighborhood revitalization efforts. Post-disaster, it is important to communicate with neighborhood businesses and residents to:

- Combat misinformation by acknowledging false information and providing correct language or directing to the correct agency/office
- Have a trusted and visible platform to deliver this information.
- Use neighborhood-level grassroots networks to share information (group mailing lists, meetings, events)
- Use multiple avenues of media (newspaper, television, flyers, newsletters, social media, websites)
- Tap informal networks in the neighborhood (e.g., posting meeting notices in a popular neighborhood business) to reach those who may not be part of a formal network such as a neighborhood group.

Marketing the New and Improved Neighborhood

Part of revitalization is building a new identity for the neighborhood. Distressed neighborhoods often have a negative image among the broader community but celebrating recovery efforts can showcase changes and spark an interest that attracts new businesses and residents. It's important to promote a neighborhood's progress not just among its residents but also to the wider community. Strategies to do so include:

- Hosting large neighborhood events at key anniversaries (e.g., one-year post-disaster)
- Hosting ongoing celebrations for re-openings and new business ribbon-cuttings
- Feeding "feel-good" recovery stories to local, regional, and national media. Examples include a business that has excelled post-disaster, new neighborhood assets such as parks or infrastructure, or a proposal for new development.

Social Media and Digital Presence

Communication strategies must include an online presence. After a disaster, social media and websites can deliver information instantaneously and ubiquitously in a way that print, radio, and television cannot. Related to revitalization, digital communication can be used to build the neighborhood's reputation and raise awareness of recovery efforts that may have otherwise gone unseen.

When building a new social media presence, it is important to work collaboratively by sharing information with partners to post to social media sites and co-sponsoring events with partners to gain credibility via their social media presence. Furthermore, when using social media, it is important to update the information and provide useful links throughout to keep readers engaged.

Conclusion

Working to revitalize a neighborhood post-disaster requires a long-term strategy, creative thinking, collaboration, and communication. As many of the strategies outlined in this chapter show, building support for revitalization is vital for sustained success. Engaging community leaders and representatives of diverse neighborhood interests is essential to build revitalization efforts that address fundamental needs with inclusive strategies. With champions at the helm, quality assessments of needs and opportunities, and plans with achievable and measurable goals in place, distressed neighborhoods will be in the best position possible to succeed in post-disaster revitalization efforts.

Governor of Puerto Rico Ricardo Rossello speaks during a news conference days after Hurricane Maria hit Puerto Rico in the Puerto Rico Convention Center in San Juan, Puerto Rico. 10-6-2017. Source: www.dvidshub.net

Bottom-Up Destination Recovery Initiative in Puerto Rico

Overview

The Bottom-Up Destination Recovery Initiative is a long-term economic recovery strategy funded by the U.S. Economic Development Administration and administered by the Foundation for Puerto Rico (FPR). It is aimed at addressing impacts from 2017's Hurricane Maria, a Category 5 storm and the costliest in Puerto Rico's history.

The program funded the creation of eight regional Destination Plans across Puerto Rico which identified short- to long-term investment strategies aimed at neighborhood revitalization and bolstering the visitor economy in order to create new economic opportunities for locals. Neighborhoods and local governments learn to maintain and further develop the program once resource identification, planning, and co-design by FPR are completed.

The initiative is comprised of two phases: the first is focused on short-term recovery and includes financial support for procurement of equipment and infrastructure, capacity building for local businesses and organizations, and efforts to strengthen collaborations among local stakeholders, while the second phase emphasizes longer-term planning around visitor economy investment strategies.

The Bottom-Up Destination Recovery Initiative's goals therefore are two-fold: promote recovery and revitalization for neighborhoods that sustained damage from Hurricane Maria, and build long-term visitor economy resilience by developing Destination Plans that outline strategies to grow spending from both local and off-island visitors, and extend visitor stays. The bottom-up, community-driven approach ensures that each plan takes advantage of a neighborhood's history, art, culture, cuisine, and other assets.

The Bottom-Up Destination Recovery Initiative serves two key audiences: 1) suppliers – local business owners and employees of tourism assets and attractions, and 2) key investors – including public-private partners.

Implementation

For local entrepreneurs and tourism asset managers, the program provides an opportunity to convene and co-design a community vision for their region that builds on its competitive advantages. For potential investors, the Destination Plans serve as a clear blueprint for investment that identifies actionable projects in infrastructure, place-based asset enhancement, access and mobility, business support, marketing and promotion, and organizational capacity. Most importantly, these projects are already aligned with a vision established by the local community and have achieved stakeholder buy-in.

The first phase of the Bottom-Up Initiative included resilience training and funding for more than 600 small businesses and more than 61,000 hours of entrepreneurial education to startups across the eight regions. Through this process, 1,000 jobs have been created or retained and 24 new businesses incubated, providing unique tourism offerings that align with needs identified in each region, including lodging, dining, arts and culture, and natural assets. In total, more than 4,500 stakeholders have been engaged through the program.

The second phase of the Bottom-Up Initiative was an immersive planning initiative utilizing the **Commercial District Needs Assessment (CDNA) diagnostic framework**. The FPR field team took the unique approach of embedding themselves in the community for a six-month period, during which they lived and spent every day amongst the locals. The team prepared comprehensive asset lists and SWOT analyses, while engaging local businesses, residents, and managers of cultural and natural assets.

This approach was critical to understanding the complex landscape of stakeholders in each community so that the team could determine priority projects that had readily identifiable champions or clearly defined partners with the know-how and access to resources for implementation.

An example of successful Destination Plan implementation is the Guajataca railroad tunnel—a popular photo spot and remnant of Puerto Rico's sugar cane era—which received funding for basic clean-up and to install wayfinding signage. Thirty-three new businesses have since reopened nearby to leverage spending from new visitors.[15]

Challenges

The team experienced unexpected obstacles during the planning process, starting with the January 2020 earthquakes off the southwest coast of Puerto Rico which delayed project delivery and changed the geographic focus of the Destination Plans to ensure the personal safety of field teams.

Following the pivot, the pandemic hit. Due to lockdown restrictions, the consultant team was unable to conduct site visits and had to switch to virtual tours, which included pre-recorded walk-throughs of major tourism assets in the region with commentary by the FPR field team.

15 **Nonprofit partnership achieves Guajataca tunnel revitalization**. Foundation for Puerto Rico, Oct 2020.

FPR field teams were also unable to meet with stakeholders in-person. Engagement efforts moved to digital platforms such as Zoom, and brainstorming exercises were conducted on platforms such as Miro and Mindmeister. Program communications also pivoted to include COVID-recovery resources and technical assistance to ensure the tone of messaging aligned with the needs of local stakeholders.

Takeaways

The CDNA framework applied to the Bottom-Up Destination Plans has been replicated in both urban and rural communities, and across strong and weak markets. The framework is an important tool that places can adopt in order to better diagnose the challenges and opportunities of neighborhoods and visitor economies.

The program has highlighted the importance of consistent and continued engagement and capacity building with stakeholders who are in the best position to implement projects following the planning process. Their participation in organizational capacity training workshops and involvement in co-designing the Destination Plans has not only helped create a platform for multisectoral collaboration, but also ensured that the program is self-sustaining. Following the publication of each plan, FPR continues to work closely with local stakeholders to move projects toward implementation.

Traditionally, post-disaster recovery efforts focus on infrastructure restoration and capital improvements. Economic resilience—the long-term wealth and capacity building of impoverished neighborhoods needed to withstand another disaster—is often overlooked. Bottom-Up Destination Recovery breaks this mold by centering long-term resilience in its program and providing small businesses with the necessary tools, equipment, and institutional knowledge to prepare for an emergency, while working closely with stakeholders to develop a unified vision that will guide investment in key tourism assets. More than 400,000 individuals have been directly and indirectly supported through the initiative.

The Bottom-Up Destination Recovery Initiative won an IEDC Excellence in Economic Development Gold Award in 2021 in the Resiliency, Recovery, and Mitigation category. Successful neighborhood revitalization can boost tourism, which is particularly relevant for seaside communities vulnerable to hurricanes.

12

Economic Diversification after a Disaster

Chapter 12: Economic Diversification after a Disaster

Introduction

Economic diversification offers an array of benefits to a region. A diverse region is more able to withstand a shock such as an economic downturn or a natural disaster. The term “portfolio effect”[1] describes how, in diversified economies, negative impacts on certain industries are cushioned by lesser (or improved) impacts on others. Because affected industries make up a smaller portion of the local economy, the risk to jobs, livelihoods, and company mortality is therefore distributed more evenly. Economic diversity increases regional resiliency and stability.

Amidst chaos, a post-disaster situation can present an opportunity for change. This chapter covers economic diversification as both a recovery strategy and a tool for communities to increase their resiliency to future disasters. The first part of the chapter discusses the steps that economic development organizations (EDOs)[2] use to plan for and create an economic diversification strategy. These include assessing the sectors that currently exist in a region and considering what latent sectors could expand and diversify. The second part will delve into how to implement economic diversification strategies.

Regional Approach

Economic diversification works best in a regional setting. Economies don’t typically operate within a single jurisdictional boundary. For many local economies, a variety of economic development functions must be approached with a regional mindset, like workforce development and labor sheds, transportation systems, and communication networks. The regional natures of economies and economic development emphasize the importance of regional collaboration for communities when it comes to economic development initiatives, like diversification. Similarly, natural disasters rarely strike a single, contained jurisdiction, so it is beneficial to proactively take a regional perspective. Working with regional players before a disaster strikes will make it easier to create task forces and recovery programs when time is a crucial factor.

1 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)

2 According to the International Economic Development Council’s Introduction to Economic Development Manual, “Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and retaining jobs that facilitate growth and provide a stable tax base.” Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships, and the Economic Development Administration designated Economic Development Districts.

Engaging regionally does not mean ignoring local realities and priorities. On the contrary, local needs may be better addressed under a regional approach and an expanded pool of resources. Similarly, in the wake of a disaster, community economies are often forced to diversify. By engaging regional partners and planning ahead, a community is much better prepared for post-disaster recovery.

Most communities have limited resources, and therefore must work within existing systems to make incremental changes that improve diversification. This chapter provides guidance for communities at all stages on how to assess the regional economy, engage local partners, and choose and implement strategies for diversification.

Cluster-Based Economic Development

Economic diversification is based on the theory of industry clusters, which are groups of firms that gain a competitive advantage through local proximity and interdependence.[3] Clusters develop because concentrations of competing and complementary firms within industrial sectors end up sharing workers, knowledge, and other resources. Efforts in cluster development should be based on data and analysis; clusters cannot be created artificially, but data can provide insights into new and existing industry groups.

In order to diversify, a community can both expand upon its existing industry clusters and anticipate and facilitate the emergence of new clusters that will add new firms 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.[4] Clusters can be linked vertically through buyers and suppliers and horizontally through businesses that compete in the same market or share resources (such as technology, raw materials, or workforce).

Disasters can upend clusters through disruption of supply chains, workforces, and customers. Yet, disaster can also spur cluster development. Southeast Louisiana, for example, has seen the development of a water management cluster in the decades since Hurricane Katrina and the Deepwater Oil Spill. This has been catalyzed by federal investment through the Louisiana Coastal Protection and Restoration Authority (CPRA), which provides contracts for water mitigation to both large national firms and trusted local firms.[5] Local firms have seen growth, and more are competing outside the state, resulting in new contracts and new jobs.

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3 **Rethinking Cluster Initiatives**, Metropolitan Policy Program at Brookings, July 2018.

4 **Clusters and Economic Policy: Aligning Public Policy with the New Economics of Competition**, Harvard Business School, Nov. 2007

5 **The Coastal Index: Tracking the development of the water management cluster in Southeast Louisiana**, The Data Center, April 20, 2015.

Planning For Economic Diversification: Assessing the Region

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 requires that a host of competent partners work together to make the vision and the plan a reality. EDOs may undertake a specific plan for economic diversification, or it may be folded into an existing planning effort such as a Comprehensive Economic Development Strategy (CEDS).

The Role of the EDO and the Roles of Partners

For diversification initiatives, the role of EDOs varies depending on strategy, partners, and resources. EDOs often serve as facilitators and conduits for resources already available within the community. For some strategies, however, the EDO has the internal capacity to be a service provider, for example, by establishing a revolving loan fund (RLF) to connect small businesses and entrepreneurs to capital. If business capital needs are already served elsewhere in the community, an EDO may be able to serve other roles, such as providing market research and guidance for business plans. When deciding what services to provide, EDOs should consider what is within the organization's capacity to provide and what resources are already established and available in the community.

An inventory of potential partner organizations and the services they offer should be part of planning efforts. Potential economic development partners and engagement opportunities may come from the local, regional, state, and federal levels. Partners can include the state, county, and city public agencies, public authorities, public-private partnerships, nonprofit organizations, planning departments, community development corporations, chambers of commerce, trade associations, business leaders, educational institutions, tribal nations, and others. These partners can then be mapped into groups that are focused on particular topics or services and engaged in plan implementation.

Assess Existing and Emerging Clusters

A successful diversification strategy is grounded in a thorough assessment of the region. This assessment provides the foundation for a successful strategy by evaluating a region's strongest industries and identifying emerging sectors. This is accomplished through economic analysis, examining existing industries, and evaluating the workforce.

PONCA CITY, OKLAHOMA

Technology clusters are often part of a larger technology-based economic development strategy. Technology clusters benefit from support firms that bring technical expertise, consultants and lawyers and a robust 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 its major employer, Conoco Oil Company.[6] Ponca City had discovered a potential niche in sensor technology through a study done by Oklahoma State University and the Ponca City Development Authority. The city, university, development authority and ConocoPhillips partnered to develop a national sensor testing and evaluation center that would allow military, commercial, and university researchers to work on sensor technology in a single location, the University Multispectral Lab (UML). The lab has attracted more businesses in technology and professional services industries. Companies work with the UML to develop propriety products or use the lab space and other infrastructure for research.

6 Diversifying into Knowledge-based Industries in Ponca City, Restore Your Economy, International Economic Development Council

Economic Analysis of Clusters

Cluster-based economic development relies on monitoring industry indicators to track existing clusters and identify emerging clusters. To measure clusters:

- **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**: Use techniques such as location quotient, shift-share, input-output or a combination to identify exporting (basic) industrial sectors.
- **Engage the research community**: Understanding the research and innovation focuses of the area's higher education institutions can highlight growing sectors and identify commercialization opportunities.
- **Map groupings**: Once exporting industries have been identified, group and map them with their suppliers, intermediate goods and services, and raw materials related to their value chain.
- **Gather firm input**: Interview firms.

    - Who are your major suppliers and buyers by industry?
    - What (approximate) percentage of your inputs comes from within the region?
    - What are your supplier preferences?
    - What percentage of your customers are located in the region?
    - What are the demographics of your customers?
    - Why has your company located in this particular area?
    - What critical resources are needed to support your business?
    - What are the trends in your firm's sales over the past three years?
    - Does your firm plan to hire additional workers in the next three years?
    - Do you engage in any joint ventures with nearby firms?
    - How much do you spend on R&D?
    - How many patents has your firm generated?
    - What kind of relationships do you have with local colleges and universities?

- **Analyze the competition**: Clusters exist due to competitive advantage. Understand how the region compares to peer regions by calculating industries' location quotients (LQs). Also calculate LQs for industries over time to see how strengths may be changing.

EDA also has sponsored the development of several cluster analysis tools. They are:

- **US Cluster Mapping** – The U.S. Cluster Mapping site provides over 50 million open data records on industry clusters and regional business environments in the U.S. to promote economic growth and national competitiveness. The project is led by Harvard Business School's Institute for Strategy and Competitiveness in partnership with the EDA.
- **Innovation Intelligence** – A tool from StatsAmerica to analyze innovation, clusters, and investment decisions. The tool uses location quotients to measure the strength of the industry cluster. Location quotients are an analytical statistic that measures a region's industrial specialization compared to a larger geographic area, typically the nation.[7] This project is funded by the EDA and produced and maintained by the Indiana Business Research Center at Indiana University.

7 What are location quotients? (LQs), Bureau of Economic Analysis, January, 2008

Examining Existing Industries

A diversification strategy is the culmination of many small steps. Rather than simply trying to attract businesses in sectors the community would like to grow, a successful diversification strategy works *with existing businesses and figures out what they need for expansion*. EDOs should look for opportunities to help businesses expand and align them with growing industries by helping them use new technologies, take advantage of missing supply chain links, or seek new export markets. When pursuing cluster development, EDOs should consider the following topics related to business expansion:

- **Large employers**: Determine who the region's largest employers are using metrics such as the number of employees and revenue. Meet with these employers to learn more about their relevant successes, challenges, and any anticipated changes, such as a 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 that are considering expanding to new markets.

Evaluating the Workforce

Because cluster growth depends on a skilled workforce, a region's economic diversification goals must be aligned with workforce development initiatives. The second piece of the assessment, therefore, is evaluating the region's labor force. Identify:

- Existing workforce talents by industry and skill set: Develop an understanding of the regional workforce's strengths as well as areas of improvement.
- Local and regional training opportunities and providers: Inventory existing training and education programs and the capacity of those programs to train workers. Look for potential areas of alignment between skill gaps and these programs. Include community colleges, universities, technical colleges, etc.

This information can be obtained from the Bureau of Labor Statistics and through conversations with workforce groups (e.g., the local workforce investment board) and anchor institutions (e.g., the local university or community college.)

UNITED STATES VIRGIN ISLANDS

Tourism clusters often dominate coastal economies, and the disruption of this sector in the wake of a disaster can be enormous. In the U.S. Virgin Islands, Covid-19 threatened to upend the cruise-driven tourism economy when the US Centers for Disease Control and Prevention issued a no-sail order for ships in American waters and major industry body Cruise Lines International Association voluntarily suspended all operations. According to U.S.V.I. Tourism Commissioner Joseph Boschulte, prior to the pandemic 70 percent of the territory's 2.2. million visitors arrived via cruise.[8]

During the height of the pandemic, tourists were still coming to the U.S.V.I., thanks to a vaccine policy, which allowed all adults to be vaccinated and liberal quarantine requirements.[9] The U.S.V.I also benefitted from its neighbor to the east, the British Virgin Islands, much stricter Covid-19 measures.

With the unavailability of cruise ships, the U.S.V.I. saw a large rise in its charter yacht business. In 2021, the economic impact of the charter yacht sector was predicted to be $88 million, nearly double that of 2019. Charter yachts have smaller crews and limited passengers, which allows for more vigilance around testing and vaccinations.

Oriel Blake, executive director of the Virgin Islands Professional Charter Association notes that the sudden surge in demand led to alliances and cooperation among companies in an effort to support the industry throughout the territory, for example, with fully-booked companies referring clients to others.[10] The U.S.V.I. Department of Tourism is exploring ways to support this industry, for example by partnering with the Office of the Governor to create a St. Croix-specific marine program with its own dedicated marketing platform.

If both the physical and human capital infrastructure is established, the pivot to charter boats will have lasting economic impacts. In 2021, the British Virgin Islands-based company Sunsail Yacht Charters invested in a new facility called The Moorings in St. Thomas, growing the fleet from five to 26 yachts over the course of a year.

The increase in demand for charter yacht cruising has led to a shortage of skilled crew and personnel to provide marine maintenance and technical services. To help fill this gap, the Charter Association has partnered with the Labor Department to offer a fully funded marine apprenticeship program.

Cluster Development Strategies

Once the analysis and planning stages have been completed, a community can decide what interventions need to be made. Multiple strategies may be necessary to develop a well-rounded economic diversification plan, rather than relying heavily on a single aspect.

8 **US Virgin Island Eyes 2024 Return to Pre-Pandemic Cruise Levels**, Travel Pulse, April 28, 2022

9 **In Search of a Vaccine, Some Tourists Find Luck in the Caribbean**, New York Times, March 24, 2021

10 **Boating in the USVI: Recreational Boating Industry Thrives on St. Thomas and St. John**, The St. Thomas Source, Oct 7, 2021

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 when implementing a diversification strategy. Programs and resources should be aligned both horizontally and vertically.

- *Horizontal alignment* means creating 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. Inventory existing resources from other organizations and develop a complementary, comprehensive strategy in how the programs can be administered.
- *Vertical alignment* means making sure that businesses are supported at all stages of growth and development. For example, that fledgling businesses have access to business plan assistance and mature businesses have access to worker training.

FOUR CORNERS, NEW MEXICO

In northwest New Mexico, coal mining and associated energy production industries have historically been key employers and sources of tax receipts. However, a substantial decline in demand for coal-related energy production has prompted many of these industries to divest from the region. Acknowledging the potentially devastating effect of these economic changes on thousands of families and the economic health of the region as a whole, economic development professionals sought new strategies to diversify, strengthening, and stabilize the economy.

The Northwest New Mexico Council of Governments (NWNMCOG), with support from the Economic Development Administration's "Partnerships for Opportunity and Workforce and Economic Revitalization" (POWER) program, funded a strategic planning process to quantify the impact of the industry loss in the region; identify and assess alternative industry clusters; and recommend actions for the region as a whole and for each of the individual counties (see the **report** here).[11] It was evident, however, that in order to realize the opportunities for diversification outlined in the report, broader support was needed from the surrounding states and Native American tribes of the greater Four Corners region.

"It was evident when looking at the results of the recent POWER report that we needed to think from a regional perspective in order to address the threats to our economy from the declines in the coal and energy industries. As such, we need perspective from those that have forged regional initiatives before."[12]

-Jeff Kiely, Executive Director of the NWNMCOG

Key partners were identified throughout the Four Corners region, including Four Corners Economic Development, Arizona Public Service Company, community leaders, EDOs and other stakeholders. In November 2017, these stakeholders gathered at San Juan College in Farmington, New Mexico, to take part in the "Future Forum." Nearly 140 experts, leaders, and other citizens discussed strategies to promote continuous development and diversification in the region, with 70 participants signing on to volunteer to continue cooperative, regional work. The volunteers met again in April of 2018 to establish action steps to engage the public, further involve multi-state stakeholders, and create action groups to help implement projects and strategies identified at the Future Forum.[13]

Workforce Development

As part of an economic diversification effort, workforce development is an opportunity for economic developers to better align the needs of employers with existing workforce skills and educational programs. 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.

11 Four Corners Regional Economic Consortium, **Four States and Multiple Tribes Host Four Corners Future Forum**, Oct. 2017

12 Four Corners Regional Economic Consortium, **Four States and Multiple Tribes Host Four Corners Future Forum**, Oct. 2017

13 Gallup Sun, **Four Corners Future Forum: Expanding the Partnership**, June 2018

This ongoing process should be a continuous feedback loop among economic developers, workforce development professionals, major employers, local educational institutions, and other relevant stakeholders.

Create cluster-based workforce training improvements

Cluster analysis sheds light on skill sets that are needed or need to be upgraded. 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 are transferable across segments of the workforce?*
- *What are the institutions best suited to promote and instill new types of knowledge or produce patents?*
- *What metrics should we use to measure and validate the existence or growth of a new cluster in our region?*

Workforce development efforts should be collaborative, including representatives from the economic development, business, education, and workforce sectors. This effort should be organized and should tap into the unique perspectives of the different representatives. Possible workforce development objectives for this type of group include:

- Encouraging business participation in the workforce system. Business executives have knowledge about their industries and the direction in which they are moving and can provide valuable insight on the skills and training necessary for new jobs.
- Creating public-private partnerships between firms, labor unions, government agencies and educational institutions to expand workforce skills.
- Reorganizing economic development and workforce development to achieve better alignment.

Aligning workforce and economic development initiatives with education and training resources will help ensure that clusters targeted for expansion have the workers they need. This will help to make diversification efforts more effective, especially when communities look to expand into new industries or technologies. Universities, community colleges, and training centers can:

- Adapt education offerings to current economic conditions
- Tailor programs to local industry needs and labor shortages
- Work with private-sector partners to define needs
- Provide professional instruction, training facilities and advanced technologies
- Serve as a valuable source of information for the region

Conducting a cluster analysis in conjunction with a workforce development strategy will boost diversification efforts. A cluster analysis will help economic and workforce development practitioners identify the skill sets that are absent or need upgrading.

LEHIGH VALLEY, PENNSYLVANIA

In the post-Great Recession recovery years of the early 2010s, Lehigh Valley, Pennsylvania, experienced strong economic growth. Between 2010 and 2014, over 24,000 new jobs were added, and projections indicated an additional 22,000 jobs would be created over the next five years. Growth was notable in a diverse range of sectors, particularly healthcare and social assistance; transportation and warehousing; finance and insurance; and professional, technical and scientific services. However, threatening this strong recovery were gaps between workforce supply and demand; 14 of the 55 top regional occupations were experiencing worker shortages.

To address these pressing workforce development weaknesses, stakeholders from regional schools, employers, and workforce agencies, led by the Lehigh Valley Economic Development Corporation (LVEDC), formed the Lehigh Valley Education and Talent Supply Council in 2015. The council, informed by a subsequent study funded through grants from the Commonwealth of Pennsylvania, recommended two strategies: 1) promote and expand internship programs to connect employers with talent in the pipeline, and 2) provide relevant career pathway information to students and educators to guide career choices. LVEDC met these recommendations by creating the Internship Toolkit, Internship Directory, and Hot Careers Guide.

The Internship Toolkit offers organizations guidance and best practices in creating and expanding internships, such as the characteristics of successful internship programs, the benefits of paid versus unpaid internships, how to market an internship program, and different types of programs such as virtual and micro-internships. To assemble the information, the LVEDC worked directly with the 11 of the region's colleges and universities. The 2021-2022 Lehigh Valley Internship Toolkit can be found **here**.

The **Internship Directory** is a comprehensive list of internship programs offered by Lehigh Valley colleges and universities, along with the contact information of program directors and counselors. LVEDC's Hot Career Guides are issued annually across the Lehigh Valley to educate students on what skills, training, degrees and certifications are required for the occupations in high demand among Lehigh Valley employers. The purpose of the guide is to spark conversations among students, parents, teachers, and guidance counselors about career options; matching interests and skills with jobs, showing students what level of education or certification is required by certain careers, and providing information on the earning potential of available occupations. According to LVEDC vice president George Lewis, to create the Hot Career Guide, LVEDC developed "a novel internal labor market analysis with custom regions, cross-referencing data with O*Net, and seeking input from local employers of the highlighted industries to validate the data presented." The 2021-2022 Lehigh Valley Hot Careers Guide can be found **here**.

LVEDC also hosts annual summits at which employers can gain further insight into best practices for starting and running an internship program and interact directly with internship and career coordinators from the region's colleges and universities.

LVEDC has received related several awards since the program's creation in 2015. In 2021, the International Economic Development Council named it one of nation's best talent development and retention programs. In the same year, the Pennsylvania Economic Development Association recognized the program as the best talent supply initiative in the state.

Encourage Entrepreneurship and Support Small Businesses

Encouraging both entrepreneurship and small business growth can diversify and grow the economy from within. To strengthen emerging clusters, create an environment that supports spin-offs and related start-ups.

Although each small business employs a few people, as a class they represent a large share of employment and the majority of new net jobs. Small firms tend to be more flexible and innovative compared to larger firms, producing 14 times more patents than larger businesses or universities.[14] More of the money they spend stays local, recirculating 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.[15]

Resources to support small businesses and entrepreneurs include:[16]

- **Space to grow in a supportive environment, such as a business incubator**. Incubators may focus on businesses in identified high-growth sectors (e.g., advanced manufacturing, technology) or they may focus on small businesses, such as microbusinesses, home-based businesses, and sole proprietorships, which make up the vast majority of entrepreneurs and which often need technical assistance to start up and scale.
- **Connect the research and development efforts of regional industries and universities with entrepreneurs and small business support services**. Research and development activities at universities can provide numerous opportunities for spin-off businesses. These generate additional local economic activity and may even help retain talented workers in the area. This strategy can be combined with an incubator; technology-focused incubators are often supported by universities. Frequently, 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 business-focused partners and investors.
- **Provide supportive networks and structures for small businesses**. Examples include Economic Gardening (a type of technical support)[17], networking and educational events, and counseling for all stages of business growth.
- **Continue to develop and encourage "buy local" campaigns**. Such marketing campaigns are helpful to small retailers and service providers.
- **Connect small businesses and entrepreneurs to financing.** EDOs don't necessarily need to provide the financing themselves but should be able to connect small businesses and entrepreneurs to existing resources in the community.

14 Innovation and Research, US Senate Committee on Small Business, 2021

15 Why Buy Local? An Assessment of the Economic Advantages of Shopping at Locally Owned Businesses, Michigan State University Center for Community and Economic Development, Sept. 2010

16 Methodological Aspects of The Economic Diversification of Rural Areas and its Impact on Settlements, Patarchanova Emilia, , 2020

17 About Economic Gardening, National Center for Economic Gardening

Increase Export Activity

The final economic diversification strategy discussed in this chapter is to increase exports from the region. Increasing export activity increases a region's resiliency to economic downturn. If a region is struck by disaster and experiences reduced local demand, markets outside international or even state borders provide an additional source of revenue. An export strategy is two-pronged:

- Help companies that are already exporting reach new markets (if appropriate)
- Help companies to enter the export market

There are numerous resources available to businesses to help them export and EDOs can serve as a connector to these resources.

Use Federal Trade and Export Programs

Export initiatives are complex, but national initiatives have opened up a variety of services to regions and businesses. Export initiatives can be combined with both cluster development and workforce development.

Several federal funding sources are available for the promotion of exports. One is **the State Trade and Export Promotion (STEP)** program, through which the Small Business Administration provides funding to states and territories to assist small businesses with export development. Michigan's STEP program, for example, is managed by the Michigan Economic Development Corporation and has established offices in Canada, Brazil, and China. Small and medium-size enterprises looking to export or expand their exporting can receive reimbursements for 75 percent of related costs up to $15,000.[18] Michigan has used these funds to successfully connect exporters to foreign markets through business counseling and funding.

Activities funded by the STEP program include:

- Overseas trade mission participation
- International or domestic trade show participation (such as hotel costs)
- Foreign market sales trips
- Website and marketing material translation services
- Agent, distributor and customer searches
- Foreign market research[19][20]

The International Trade Administration (ITA) a bureau within the U.S. Department of Commerce, provides many programs that help and advocate for American businesses around the world. One of these programs is the **U.S. Commercial Service**, which staffs trade specialists in U.S. Export Assistance Centers (USEACs) throughout the U.S. and the world. USEACs are intended to be "one-stop shops" for small to medium enterprises that are new to exporting or want to expand their exporting activities. For a fee (that is often able to be covered with a STEP grant) they provide export counseling, planning, and financing services, such as working with firms to identify target markets, to formulate marketing strategies, and to identify export financing options. In addition to the Commercial Service, the USEAC network also includes participation from the SBA, the Ex-Im Bank, and USDA.[21]

18 **International Trade**, Michigan Economic Development Corporation, 2021

19 **Office of International Trade Resources**, US Small Business Administration, 2021

20 **Export Assistance: Export Promotion Program**, Business Oregon, 2021

21 **USEACS Part 1: What are they and how can they help you compete globally?** Export Finance Solutions, Export-Import Bank of the United States, 2022

GOODYEAR, ARIZONA

Foreign-trade zones (FTZs), administered by U.S. Customs and Border Protection, are another conduit for attracting foreign direct investment. Foreign or domestic material moved through an FTZ is not subject to U.S. Customs duties, affording corporations operating there a variety of logistical and cost-saving benefits. Additional benefits accrue from state and local policy. For example, companies that develop a facility in an FTZ located in Arizona are entitled to exemptions that can reduce real and personal equipment and property taxes on investments by over 70 percent.

In 2010, the city of Goodyear, a suburb of Phoenix, Ariz., had lingering high unemployment after the Great Recession. In an effort to spur investment and boost employment, the city turned underutilized, tax-exempt farmland into Foreign trade zones (FTZ)s. The city's goals were to:

1. Attract high-quality employers that could create thousands of jobs, in especially advanced manufacturing, and spur regional infrastructure development
2. Establish premier advanced manufacturing and logistics industrial parks and employment corridors
3. Establish sites where investors and developers were confident enough to build speculative industrial buildings
4. Increase the tax base by attracting capital-intensive employers

The initial investment to create an FTZ, however, presented a major obstacle. Goodyear leaders understood that costs to establish the FTZs would be high. In their research, they had talked to another metro Phoenix municipality that spent over $200,000 on consulting services to prepare the application. Due to the Great Recession, Goodyear had cut budgets and laid off employees, and lacked the resources to hire this type of help. To overcome this issue, the City proposed a tax policy to the landowners of the sites. This policy included the requirement of companies to enter into a PILOT Agreement (Payment in Lieu of Taxes) that ensured tax benefits to fund additional investments in the FTZ. Due to the favorable tax benefits, landowners agreed to pay for the cost of establishing the documents to file with the FTZ Board.

As of 2020, nearly 5,700 jobs have been created or announced, with over $1.3 billion in capital investments, in Goodyear's FTZs. Thirty-three percent of these jobs and 58 percent of the capital investment stems from advanced manufacturing companies. The capital investment has boosted the tax base significantly, as virtually all the land was previously tax-exempt property.

Export Financing, Counseling, and Services

There are multiple avenues for financing exports. In addition to STEP assistance from states, funding sources include:

1. Export loan programs (SBA, Export-Import Bank)
2. Export-Import Bank Loan Guarantee Program
3. Export-Import Bank export credit insurance policies
4. U.S. Trade Development Agency grants

The Export.gov website is a useful resource for regions and businesses looking to export. It provides assistance with creating export plans, lists export information by industry, and lists available financing opportunities and service centers.

Forming a Public-Private Partnership for Economic Diversification

Some communities may find it advantageous to create a public-private partnership (PPP) after a disaster to facilitate economic diversification. A PPP can lead or assist with the planning and implementation of a diversification strategy.

A PPP may be established as a nonprofit corporation, public benefit corporation, or authority – or simply as an agreement or informal partnership - and receive funding and expertise from the private and public sectors. PPPs typically are guided or led by a board of representatives from the public and private sectors.

A PPP is more financially and strategically flexible than a purely public EDO. Characteristics of a successful public-private partnership include:[22]

- A clearly defined mission that addresses the concerns of both the private and public sectors
- Consensus among members regarding how to implement the mission
- Commitment reflected through funding and resources that help to achieve goals
- A system to monitor performance, determine program modifications, and justify continued support and funding

22 Managing Economic Development Organizations (2011) [Manual]. International Economic Development Council. Washington, DC.

Public-private organizations minimize many of the problems and retain many of the advantages of organizations in the for-profit and government sectors. For example:

- 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.
- PPPs can access public resources and often are not constrained by as many limitations or processes as public agencies (e.g., a public process, citizen review, and civil service restrictions).
- Public-private organizations are free to expand their activities beyond that of local government(s) since they are not restrained by a city charter or county legislation.
- A PPP may be able to draw on a broader range of expertise than either sector might normally afford or traditionally use. Working together builds upon and creates new skills and understanding.

In addition, there are a variety of financial advantages to organizing as a public-private partnership:

- Public-private organizations can mobilize both public and private resources and are financially flexible.
- Public-private organizations can invest in a private business venture using their own funds, whereas public organizations will normally have to demonstrate a clear public purpose.
- The local government debt ceiling is not affected by a public-private organization's borrowing. (However, note that local government financing is often required for major projects, such as infrastructure.)
- Public-private organizations are able to accept donations due to their tax-exempt status, thereby offering advantages to those seeking tax deductions through charitable donations.
- A public-private organization can insulate governance from financial risk and liabilities through incorporation laws.
- Lastly, a public-private organization may eventually be financially independent 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.

FEMA created a guide to help communities build their PPPs, **Building Private-Public Partnerships**. This guide provides recommendations and best practices to build and maintain partnerships. It is one part of FEMAs efforts to expand and update the National Response Framework. The update focuses on how non-governmental capabilities can help communities during and after a disaster. PPPs fit into the updated framework as FEMA discussed the importance of aligned efforts between governments and the private sector, stating that PPPs reflect the interconnected and complex environments that emergency mangers work in.[23]

Conclusion

Diversification requires regional planning, numerous partnerships, and long-term strategies. Ideally, it is a strategy that is enacted prior to a disaster, as it enhances the resilience of a community and pre-emptively addresses disruptions. Yet, disasters can also jumpstart cluster development, providing an opportunity to grow new sectors.

Although presented separately, the strategies in this chapter should be used together. Different communities will have different timeframes and access to information. Similarly, no community has unlimited resources for implementation, so 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.

Ultimately, economic diversification is not a process easily conceived or implemented. Given the economic, educational, and social shifts required, it may take decades of continual efforts. However, the resulting economic robustness and resiliency are indispensable to the health of any community.

23 New FEMA Guide Helps Build Private-Public Partnerships (2021) Federal Emergency Management Agency https://www.fema.gov/blog/new-fema-guide-helps-build-private-public-partnerships

13

Disaster Recommendations Through a Pandemic Lens

Chapter 13: Disaster Recommendations Through a Pandemic Lens

Introduction

Since the first edition of *Leadership in Times of Crisis: A Toolkit for Recovery and Resiliency* was released in 2015, it has served as the comprehensive source of information on disaster recovery for economic developers. In updating the Toolkit, IEDC is incorporating information gleaned from 15 years of technical assistance in disaster economic recovery funded by EDA, as well as insights regarding the Covid-19 pandemic.

Looking back over two years of a pandemic, economic development organizations (EDOs) are integrating lessons learned. They are taking stock of changing circumstances and new connections and bringing forward a new vision for economic health. The following recommendations build on IEDC's expertise and address new realities.[1]

Recovery and Resilience Strategies for Pandemics: What We've Learned from Covid-19

The U.S. Economic Development Administration (EDA) provided funding to the International Economic Development Council (IEDC) to investigate communities' economic decision-making regarding disaster response, recovery, and resilience, including similarities and differences with respect to pandemics. This on-the-ground research has helped IEDC understand

1. How communities can best respond to and adapt to pandemics as conditions and impacts change.
2. How communities can incorporate preparedness and mitigation for a pandemic that could recur seasonally or occur due to a different disease.
3. How the pandemic is different and similar to other kinds of disasters and shifts the paradigm for how we consider disaster mitigation, recovery, and resilience.

1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships, and Economic Development Administration designated Economic Development Districts.

The 18-month research and evaluation project examines best and promising practices. IEDC has collected data over the period of February 2021 to February 2022, interviewing eight communities as they have implemented recovery and relief programs in relation to the COVID-19 pandemic. IEDC conducted a series of three informational interviews over the course of one year with organizations representing eight communities outlined below to better explore these ideas.

- Albemarle Commission, North Carolina
- Bent County Community Foundation, Colorado
- Develop Indy, Indianapolis, Indiana
- Jefferson Parish Economic Development Commission, Louisiana
- City of Martinsburg, West Virginia
- Port Arthur Economic Development Corporation, Texas
- Downtown Stockton Alliance, CA
- Tri-County Economic Development District

The communities applied to participate in this study, which was advertised through IEDC's marketing channels. IEDC based the selection of communities on a variety of factors. The chosen communities were matched with an IEDC member volunteer to provide technical assistance. Additionally, communities received resilience recommendations that can be integrated into their Comprehensive Economic Development Strategies (CEDS).

The white paper, **What We've Learned from Covid-19**, provides a more in-depth analysis of the communities, and a profile of each one, along with insights into the nature of pandemics compared to other disasters.

Summary of Findings of Eight Communities

These participating communities differed in geography, demographics, and pandemic impacts. Yet, the following best and promising practices emerged from an analysis of the communities' responses. EDOs can learn from and implement these to increase recovery and preparedness.

1. Collaboration via Networks

Chapter 2, Chapter Disaster Management and *Chapter 3, Disaster Preparation* focus on planning and preparing for a disaster in collaboration with federal, state, and local partners. The pandemic revealed the need to build networks among public, private, non-profit, and institutional partners. Many communities had established these relationships in advance, but the pandemic highlighted the need to expand these networks. Potential new partners would include public health authorities and organizations with extensive reach into communities of color, where the pandemic affected the population the most acutely. Forming an economic recovery team is an established best practice, covered in the *Chapter 3, Disaster Preparation*. **Collaboration via networks** is an important principle for resilience and recovery.

An economic recovery team reviews 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. In the process of reviewing and rewriting plans, EDOs should recognize that the effectiveness of a region's response to a major disruption is enhanced if the public, private, educational, and non-profit sectors are all aware of each other's roles and responsibilities as they pertain to recovery.[2] In light of the pandemic, EDOs may have forged new relationships with health departments, emergency response offices, and other entities involved in designing a pandemic response. These include organizations that may have been active in the community for years but have not been realized as partners in resilience such as churches and non-profits. Most of the organizations interviewed in the study indicated that workforce development became a larger issue during the pandemic. These connections to workforce boards and educational institutions will be ongoing partners as recovery progresses. Institutions that mobilized to assist during Covid-19 and other past disasters should continue to be engaged as planning partners going forward. Expanding the number of organizations involved in planning will help to diversify the viewpoints represented, and when disaster strikes, will ensure service to all segments of the population.

This has been the case in Jefferson Parish, Louisiana. Learning from the experience of recovering from several hurricanes, the Jefferson Parish Economic Development Commission (JEDCO) has developed strong partnerships. Throughout the pandemic, JEDCO has worked closely with training providers and the local workforce investment board to provide training and make it easier to place people into jobs. Additionally, the public school system, which is the largest school system in Louisiana, has partnered with JEDCO to educate students about the types of jobs available within the parish.

2 **Economic Resilience**, Content, Comprehensive Economic Development Strategies, U.S. Economic Development Administration

2. Funding and Financing with a Goal of Equity

Chapter 4, Small Business Assistance and *Chapter 5, Business Retention and Expansion* address the health and continuity of businesses post disaster, including the importance of access to capital. The Covid-19 pandemic brought the issue of unequal access to capital to the forefront; therefore, the pandemic-focused recommendation is **funding and financing with a goal of equity**.

The pandemic catalyzed the need for immediate financing at a scale not seen since the Great Recession. During the Covid-19 pandemic, the federal government provided aid through stimulus checks and loan programs such as the Paycheck Protection Program and expanded SBA loans. Additionally, EDOs linked to city and county governments were able to use the Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act funds to assist businesses.

Loans

Providing bridge financing is a pivotal role for an EDO in a post-disaster environment. After a disaster, businesses need financial support for many reasons – e.g., to keep employees on board, to expand production, and to pay creditors and landlords. In the pandemic, businesses could not open for protracted periods of time and faced high failure rates, especially those owned by people of color. *Chapter 4, Small Business Assistance*, has more information on this topic.

EDOs that have funds available are often able to deploy them sooner than financial institutions or the federal government. Depending on the type of funding and their role in dispensing it, EDOs can alter restrictions to make funds more easily available – for example, accepting alternative forms of credit for revolving loan funds. This is often crucial to make funds available to underserved populations that do not have formal relationships with banking institutions.

This was the case in Stockton, California. Downtown Stockton Alliance manages the Downtown Stockton Enterprise Loan Fund (DSELF), a non-profit, multi-bank community development corporation that provides small business loans. At the beginning of the pandemic, DSA decided to defer repayment of active small business loans in order to remove that stressor during a difficult and uncertain time. Additionally, after further comparison with other non-profit lenders and speaking with local business owners who couldn't apply for a DSELF loan due to the requirements, DSA permanently updated the guidelines to make the loans more accessible. Small business owners had reported that the qualifications were difficult to meet, and as a result, DSA was having trouble lending out the money in the program. DSA simplified the background and financial information needed to apply for the loan by decreasing both the number of months of financial statements and the collateral required. While this was a necessary change regardless of the pandemic, the pandemic provided the impetus for it.

Grants

Outside of disaster situations, grants traditionally have not been a common financing avenue for private businesses. However, in response to Covid-19, many local governments used the flexibility of the CARES Act funding to provide $5,000 to $10,000 grants to help small businesses weather the pandemic's impact. Many small businesses do not want to or cannot afford to take out additional loans, so grants are often the only way they will access support. Grants are most effective when targeted to specific populations of businesses or owners, specific neighborhoods, or highly impacted industries.

The Covid-19 pandemic was especially difficult for food and beverage businesses. Develop Indy in Indianapolis, Indiana, created the Hospitality Establishment Lifeline Payment (HELP) Program to provide rent relief in the form of grants to businesses in this sector.[3] *This program covered any unpaid rent from April to December; businesses were required to stay open to receive funding. In addition to retaining businesses, the program helped stabilize the city's tax base because it maintained revenue from the local food and beverage tax. Develop Indy also targeted grants toward businesses that prioritized safety. The Ready to Restart Program reimbursed businesses for any expenditures they made for personal protective equipment.*[4]

3. Accessing Up-to-Date Information

Chapter 6, Assessing the Economic Impacts of a Major Disaster explains the benefits, techniques, and uses of tracking disaster impacts to measure severity. Qualitative and quantitative data allow communities to show the amount of damage and are useful when applying for grants and federal resources. This information also helps communities understand how their economies, populations, and industries change. With conditions shifting rapidly as the Covid-19 pandemic evolved, decision-makers were challenged to understand how their communities were being impacted. The pandemic-focused recommendation related to this topic is **accessing up-to-date information**.

During the pandemic, local health regulations were dictated by data collected through public health data systems. National economic data, however, tend to lag, especially since economic impacts are not limited to a specific area but affect national trends. Traditional data sources that track economic and demographic information at the national level rarely updated fast enough to help economic developers shape decisions. Furthermore, for smaller jurisdictions, federal data sources are not specific enough to guide local economic policy.

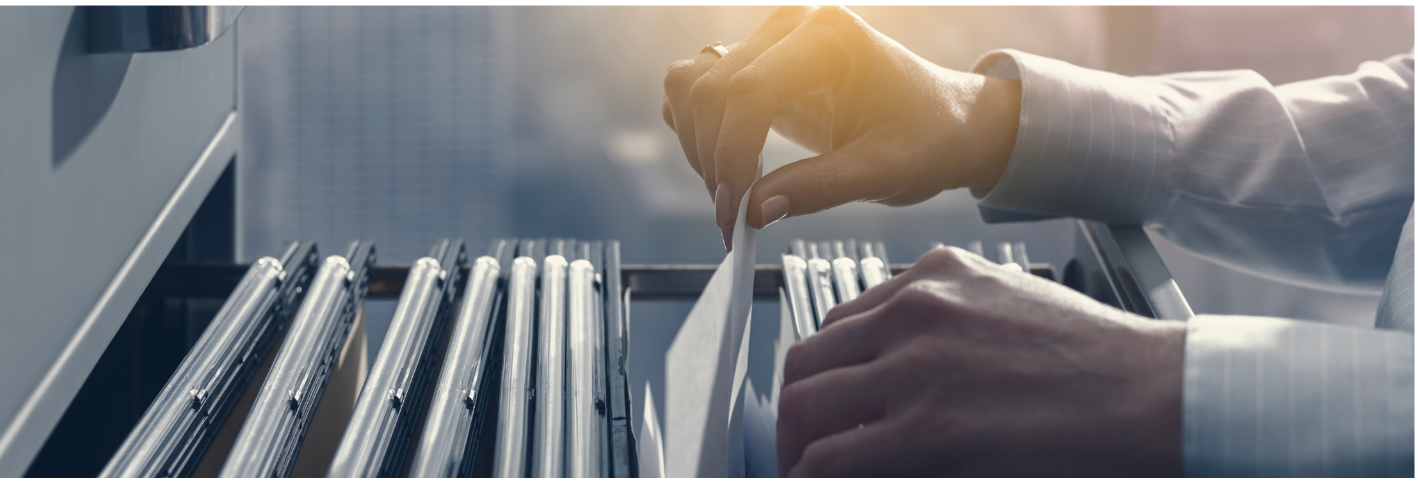
Two trends emerged throughout the pandemic that resulted in more useful data for local policymakers. The first is the creation of new public information infrastructures. For example, many online news publications, including the *New York Times* and *Washington Post,* made their coverage of the Covid-19 pandemic available at no charge. The *New York Times* allowed users to track case and death rates in their county or state. This action helped establish a baseline of knowledge about the spread of the virus. The second is that existing sources pivoted and became more responsive to pandemic-related data needs.

3 **HELP Grants**, Indy Chamber Rapid Response, April 2020.

4 **RESTART**, Indy Chamber Rapid Response, April 2020.

New Access to Private Data

Data technology that previously had not been freely available to the public also was employed to track the pandemic. For instance, the **Opportunity Insights Economic Tracker**, a joint initiative of Harvard University, Brown University, and the Bill and Melinda Gates Foundation, uses anonymized data from private companies such as credit card processors and payroll firms to create up-to-date statistics on consumer spending, employment rates, and other indicators by county, industry, and pre-crisis income level.[5] This timely, detailed data tracking delivers more tailored insights on specific areas and subgroups. EDOs can use this data to understand which industries are most impacted, for example, comparing current job postings in retail and hospitality to pre-pandemic levels, or tracking consumer spending to understand the impact to local retail.



Existing Sources Pivot and Respond

Existing sources of information also established new databases and continued tracking and analyzing useful data. The Census Bureau launched the Small Business Pulse Survey, which, as of March 2022, has surveyed small businesses during eight three-month periods to gauge outlooks and concerns. Other government data sources, such as the Federal Reserve, have continued to update their services and provide analysis of the data collected. In particular, the Federal Reserve Bank of St. Louis's **FRED** (short for Federal Reserve Economic Data) is an online database consisting of hundreds of thousands of economic data time series from national, international, public, and private sources.[6] The Federal Reserve Bank of St. Louis also has a Covid-19 Research Resources section featuring articles by economists analyzing data trends.

Exploring data at a national level, including consumer trends, migration patterns, demand for goods and services, and household income changes can indicate national trends. These resources can also be used to drill down into local areas to understand how a community is impacted. A best practice is to compare this information to intelligence gathered from businesses and other stakeholders in the community via surveying, focus groups, and other feedback systems.

5 **The Economic Impacts of Covid-19: Evidence from a New Public Database Built Using Private Sector Data**, Opportunity Insight.

6 **What is FRED**? Economic Research, Federal Reserve Bank of St. Louis.

4. Science-based Communication Leadership

Chapter 7, Crisis Communications, outlines EDO communications before and after a disaster. EDOs often speak on behalf of the business community while also serving as a conduit from the public sector to the business community, especially in the case of disaster. The pandemic recommendation adds another responsibility – **science-based communication leadership**.

During the pandemic, providing science-based communication to businesses to combat rumors and misinformation became an important role for EDOs. In speaking to businesses, EDOs often served as trusted sources of facts, spreading the message that adherence to preventive measures would lessen the pandemic's impacts, severity, and length. Alternatively, through marketing campaigns and other public outreach, often in tandem with health departments, EDOs shared expectations with customers about engaging with businesses – for example, highlighting the importance of wearing masks or showcasing restaurants' new takeout options. Seven of the eight organizations profiled indicated that they had created a webpage of Covid-19 information and resources.

In Northeast Washington, the Tri-County Economic Development District (TEDD) was a key partner in health messaging. The local health department asked for TEDD's help in the early stages of the pandemic after recognizing that its social media pages had very few followers compared to TEDD's. In response, TEDD's marketing team shared all health and safety information from the health department to keep the community updated on regulations, Covid-19, and other information. In addition to health-related communications, TEDD's marketing team worked to share the positive news coming out of Northeast Washington. Calling this the Good News Campaign, they included positive stories of small businesses and promoted pandemic-safe outdoor recreation opportunities in the region. Especially at the very beginning of the pandemic, this allowed TEDD to promote the region and its offerings responsibly and safely.

5. Technical Assistance to Access and Understand Federal Resources

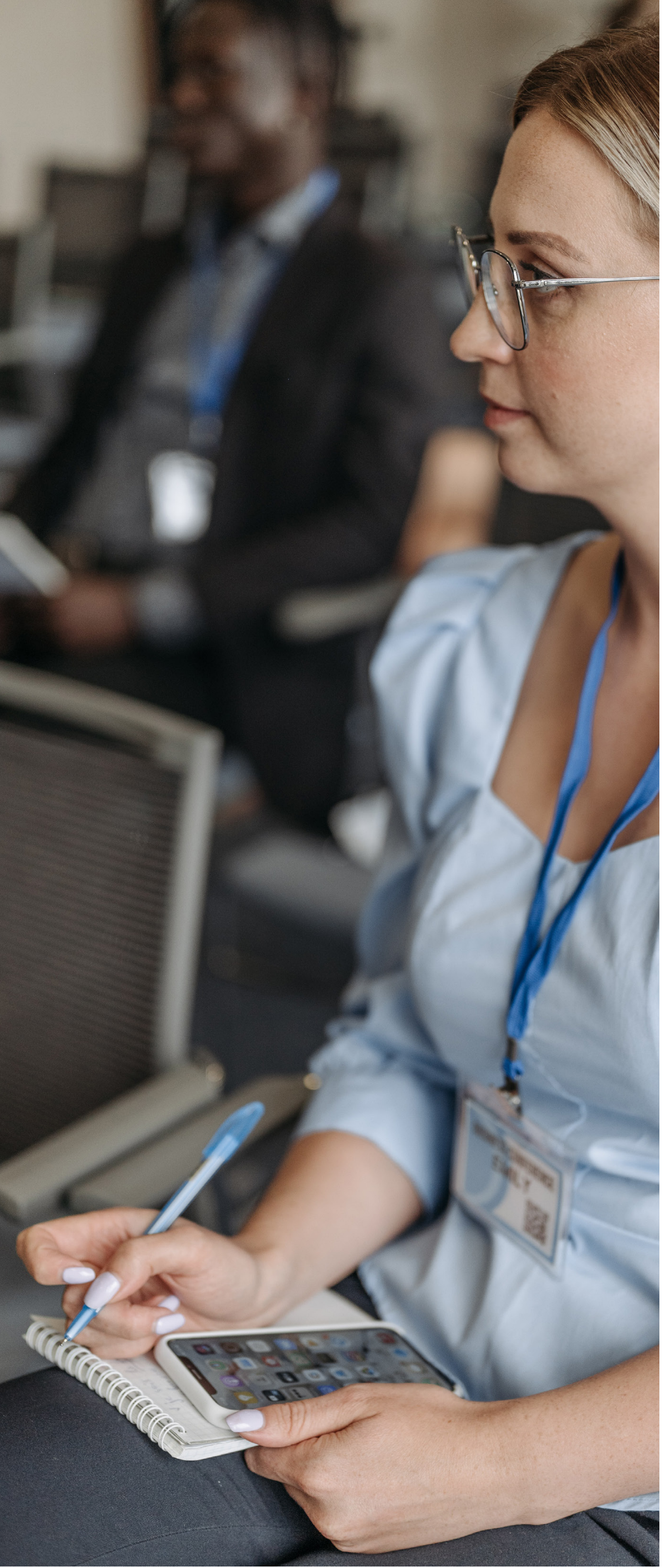
Chapter 8, Accessing Federal Resources addresses the federal government's role as an essential partner in local disaster recovery. In the wake of any disaster, EDOs often work with businesses to apply for federal assistance or refer them to other organizations, such as the local Small Business Development Center. The federal government response to the pandemic was robust, and many EDOs found themselves in the role of coaching businesses through the process of applying for assistance, especially as new programs were initiated at the state and federal levels. Recognizing this emerging role, the pandemic-focused recommendation is **technical assistance to access and understand national resources**.

One program that many businesses found challenging was the Small Business Administration's Paycheck Protection Program, which disbursed loans via financial institutions to maintain employment. The first iteration of the program was criticized for providing the majority of loans to larger businesses; 1 percent of the program's 5.2 million borrowers received more than a quarter of the $523 billion disbursed.[7] Smaller businesses, which were less likely to have relationships with banks or to have the capacity to apply, seemed to be at a disadvantage in securing funds.

Providing small businesses – especially those owned by women or people of color – with technical assistance is one way to ensure access to federal resources during a crisis. Technical assistance can help business owners obtain financing, develop business plans, identify and expand markets, and practice sound management in terms of accounting, record-keeping, and taxes. For business owners from disadvantaged populations, technical assistance is critical to bridge gaps in business knowledge and financial capacity.

Access to capital was one of the most common issues about which businesses approached the Bent County Development Foundation (BCDF). Many businesses found themselves with reduced income but the same expenses. The BCDF indicated there was also low availability of capital locally. Beyond access to capital, many businesses struggled to understand and comply with changing local, state, and federal rules and regulations for obtaining funding.

7 **1 Percent of P.P.P. Borrowers Got Over One-Quarter of the Loan Money**, New York Times, Oct 11, 2021.



6. Reconfiguring Goals in Light of Changing Circumstances

Chapter 9, Strategic Planning details an effective planning process. The Covid-19 pandemic has prompted community leaders to revisit strategic planning with a different understanding of the needs of their community. The pandemic-focused recommendation is to **reconfigure goals in light of changing circumstances**.

Strategic plans and economic and community goals must adapt to new realities in any post-disaster environment. New issues will have emerged based on the massive changes in a post-pandemic society. Communities will need to examine previous policies and practices around housing, land use, infrastructure, workforce, and targeted industries.

In North Carolina, the Albemarle Commission initiated a strategic planning process as its primary long-term response to the pandemic, then focused on workforce training and upskilling. It focused on its CEDS process and community engagement, but also helped economic development organizations and municipalities in the region update their strategic plans to focus on long-term recovery from the pandemic.

7. Redesigning for a Changed Society

Chapter 10, Infrastructure discusses common vulnerabilities and methods for planning and funding infrastructure projects. Covid-19 laid bare the challenge of inadequate broadband access when millions of workers and students shifted from offices and schools to working from home. In addition, as manufacturing, supply chain, and consumption trends shift, new systems will be needed to meet manufacturing and shipping requirements. The pandemic-focused recommendation is **redesigning for a changing society**.

Broadband

As of 2021, roughly three-quarters of Americans reported having a broadband internet connection at home.[8] Those who do not have a home broadband connection are likely to be racial minorities and populations with lower levels of education and income.[9] Yet with the onset of the pandemic, broadband became indispensable for businesses to operate and for many to participate in work, school, healthcare, and other aspects of life.

Expanding access to fast, reliable internet can revitalize economies that were lagging pre-pandemic, providing education opportunities, increased wages, and greater connection. Economic developers can be leaders in this initiative by convening stakeholders, gathering data, engaging in strategic planning, helping evaluate solutions, and helping to secure financing.[10]

Supply Chain Changes

The Covid-19 pandemic interrupted global supply chains, leading to shortages, lack of product, and ultimately higher prices for the consumer in the early days of the pandemic. Due to these challenges, economic developers expect domestic manufacturing, and potentially exporting, to increase. Industry analysts agree; Deloitte predicts a 4.1 percent increase in manufacturing through 2022.[11]

Port Arthur, Texas, is using the influx of federal funds resulting from the pandemic to address infrastructure needs. The City of Port Arthur, the Port of Port Arthur, and Lamar State College received CARES Act Recovery Assistance grants from the U.S. Economic Development Administration. The City of Port Arthur received a grant of $3 million to support the design and construction of data cabling and fiber optic infrastructure downtown, as well as general economic resiliency. The Port of Port Arthur Navigation District received a $3 million grant to construct a new cargo handling, staging, and transport area that will increase the port's ability to handle exports. Lamar State College Port Arthur received a $4.3 million grant to design and construct a commercial driver education and examination center. These improvements will help Port Arthur adapt to a changing economy post-pandemic.

8 **Internet/Broadband Fact Sheet**, Pew Research Center, April 7, 2021
9 **Internet/Broadband Fact Sheet**, Pew Research Center, April 7, 2021
10 Getting Connected: How Economic Developers are Expanding Broadband Access, IEDC, 2021.
11 **2022 manufacturing industry outlook**, Deloitte, June 2022

8. Ensuring Equitable Redevelopment of Downtown and Neighborhood Commercial Corridors

Chapter 11, Neighborhood Revitalization, focuses on the challenges of revitalizing commercial corridors post-disaster. The Covid-19 pandemic heavily impacted downtowns and neighborhood commercial corridors. Urban downtowns are heavily skewed toward office uses - in the 30 largest U.S. metropolitan areas, offices make up 71 percent of real estate.[12] With office workers pivoting to remote work, downtowns saw a ripple effect as businesses and restaurants serving this population lost revenue and scaled back jobs. Downtown hotels also suffered huge losses as tourism halted, with more than a 50 percent revenue decline in 2020.[13] As the pandemic declines, economic developers will need to **ensure the equitable redevelopment of both downtown and neighborhood commercial corridors**.

As a result of the pandemic's effect on downtown businesses and hotels, the tax base suffered. Decline in downtown areas results in lower revenue for the community as a result of decreased taxes, including sales, commercial property, tourism and hotel taxes. This loss of revenue can create fiscal shortfalls for many communities, making it difficult to support efforts that bolster the business sector. For example, contributions to business improvement districts or hotel taxes that support convention and visitors' bureaus may decline.

The restaurant and retail businesses that closed in downtown areas and along neighborhood commercial corridors leave behind vacancies and unemployed workers. Nationally, the leisure and hospitality sector, which encompasses restaurants and hotels, lost 1.5 million jobs, or 9 percent of its workforce.[14] The National Restaurant Association estimates that over 90,000 restaurants have closed.[15]

Downtowns and commercial districts have the opportunity to rebuild in a way that increases diversification of businesses and populations, thereby increasing resilience, and rebuilding the tax base. This can take several forms, such as EDOs assisting small businesses into moving into the downtowns or commercial areas via incubator programs and access to capital. Additionally, some communities are using this opportunity to expand beyond the traditional downtown dynamic of office and service jobs into new industries and institutions. For example, universities opening up new campuses or residences in aging commercial buildings. Second-tier office spaces can also be converted into affordable or workforce housing that meets a market need while also creating a more vibrant district.

During the pandemic, Port Arthur Economic Development Corporation continued working on downtown revitalization to help improve economic opportunity in a low to moderate income community which is 35 percent Hispanic and 38 percent Black. One of the projects that was completed was the renovation of a 4500-square foot building housing space for coworking, office space for smaller businesses, and a culinary school. Their work downtown corresponds with their focus on small businesses and entrepreneurship. These businesses can also access space in the newly retrofitted downtown building. Additionally, to support downtown revitalization, PAEDC is working with partners to increase the supply of affordable one- and two-bedroom apartments downtown geared towards workers.

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12 **To recover from Covid-19, downtowns must adapt.** Brookings, April 15, 2021.

13 **Covid-19 Devastating Hotel Industry**, American Hotel and Lodging Association, April 22,2020.

14 **The Employment Situation – March 2022**, Bureau of Labor Statistics, U.S. Department of Labor.

15 **National Statistics**, National Restaurant Association, 2021.

9. Capturing Opportunities and Executing Pivots

Chapter 13, Economic Diversification explains how a diverse mix of industries creates a more resilient economy. Because a disaster will impact some industries more than others, a diversified economic base helps to distribute risk more evenly. The tumult of a disaster can also help spur innovation and entrepreneurship, as formerly employed workers look to new opportunities. The Covid-19 pandemic was no exception; as the economy changed, EDOs shifted strategies to help firms adapt their business models and support emerging industries. The pandemic-focused recommendation is **capturing opportunities and executing pivots**.

Economic diversification is a multifaceted strategy that aims to attract and grow new industries and companies. Key strategies to do so include developing regional clusters, supporting entrepreneurship and small business creation, strengthening the local workforce, and increasing export activity.

Regional cluster growth must be aligned with, or complement, national cluster growth. The pandemic changed many sectors. In March of 2022, employment in transportation and warehousing had grown by 584,000 jobs since February 2020, while, during the same time, jobs in healthcare decreased by 306,000, or 1.9 percent.[16] Economic developers must follow these trends closely to understand where opportunities lie for their community. For example, many EDOs are working to take advantage of the rise in e-commerce signaled by increases in demand for transportation and warehousing. Decreases in jobs can signal the adoption of new technology, such as telehealth, which increased during the pandemic.[17]

EDOs can build economic diversification into their day-to-day work. In Louisiana, the participating organization JEDCO continued throughout the pandemic to find innovative solutions to practicing economic development fundamentals. Business retention and expansion activity continued through virtual visits. Business attraction strategies continued with a shift towards reshoring strategies. As more workers looked to start their own businesses during the pandemic, entrepreneurship and innovation continued to be an important focus. Furthermore, it worked closely with workforce partners to support existing and emerging industries.

Conclusion

During the Covid-19 pandemic, economic developers found themselves with the same mission of creating a healthy economy, but in a new, unfamiliar situation. In many ways, the pandemic highlighted underlying economic problems, and engendered new solutions with old and new partners. For example, nearly every community cited a renewed focus on workforce, and many pointed to innovative new alliances, such as partnerships with local public health departments. Looking to the future, economic developers can harness these new programs and partnerships for increased resilience across activities such as planning, response, and the ongoing pursuit of economic health.

16 **The Employment Situation – March 2022**, Bureau of Labor Statistics, U.S. Department of Labor.

17 **Trends in Use of Telehealth Among Health Centers During the COVID-19 Pandemic, Morbidity and Mortality Weekly Report**, Centers for Disease Control and Prevention, February 19, 2021.