

2015 Strategic Issue Statement

Business Post-Disaster Recovery Planning

Ad-Hoc Workgroup Recommendations to the Governors' South Atlantic Alliance

Statement of Challenge

Businesses in the South Atlantic region are vulnerable to disruptions from storms like Hurricanes Sandy and Katrina, but often lack the capacity, financial resources, and knowledge to adequately plan and prepare for post-disaster recovery.

Description of the Challenge

The South Atlantic coastal region is vulnerable to a variety of disasters that can impact the vitality and long-term viability of its coastal economy. Threats include hurricanes, flooding, severe storms, drought, fires, and tornadoes, among others. [Historical FEMA data](#) indicate that in the South Atlantic, these threats have impacted coastal counties across the region.

Hurricanes, alone, have resulted in 24 federal disaster declarations in South Atlantic coastal counties over the past 50 years. The impact of these events on businesses will vary, but the Myrtle Beach Area Chamber of Commerce (SC) estimates that a disaster event resulting in just a 20% decrease in hotel occupancy could result in an economic loss to the community of over \$7 million per day. The Federal Reserve Bank of New York [surveyed small businesses](#) 1 year following Superstorm Sandy and found that 39% were still operating at a loss, 36% were operating at a profit, and 25% were just breaking even. 86% of firms reported still needing financing for operating expenses, adapting to changing customer demands, and making capital and risk reduction investments.

Businesses of all sizes can face market, supply chain, infrastructure, and delivery disruptions that prevent them from operating and returning to profitability following a disaster event. Impacts on this scale can be local to the event, as well as beyond the initial reach of the disaster. The ability of businesses to return to profitability following an event can be greatly increased by adequate preparation through post-disaster recovery planning. Recovery Planning can help address two of the most critical challenges businesses face in post-disaster recovery: adequate financial resources to recover and adequate knowledge and information before, during and after an event. Businesses engaged in pre-disaster planning for long-term post-disaster recovery can focus problem solving on known risks and scenario-based impacts.

Often businesses in coastal communities that lack consistent pre-disaster support from engaged governments, economic development organizations, or other kinds of industry support associations, also lack guidance in preparing for post disaster recovery before an event occurs and critically impacts the economy. This lack of guidance can impact businesses in a variety of ways. Businesses that were struggling before a disaster may not have the necessary track record to get needed financial assistance after a disaster. Businesses may be uninsured or under-insured against the post-disaster risks that can impede recovery in the long-term, or do not have access to the short-term capital needed to make it through the immediate weeks and months following a disaster so that they are in a position to take on the loans and grants available for long-term business financing.

Clear and targeted information to industry on the risks in their geographic area or related to their business sector may improve the preparedness of industry to recover post-disaster; however, challenges remain with both the pipeline of information to industry and the timely response by industry to these risks. Businesses may not have readily actionable or even accurate information on recovery before or after a disaster because there is no clear pathway for information to get from federal, state, and local governments to businesses. Even when

information on risks and pre-disaster planning is readily available to industry, there may be a lack of interest or willingness on the part of individual businesses to respond. Long timescales between major events can build complacency or there may be limited capacity in smaller businesses to adequately prepare.

With the complex and interconnected network of federal, state, and local resilience planning efforts, businesses will require support for building the capacity and financial resources to prepare for post-disaster recovery. Long-term economic recovery following a disaster requires the integration of emergency management, mitigation, preparedness, and hazard planning, and economic development. Embracing partnerships at various levels of government, including the agencies that have ongoing economic development responsibilities and agencies with responsibilities for the Economic Recovery Support Function in the National Disaster Recovery Framework (NDRF), can help businesses understand the resources available to them to prepare for and recover from large disaster impacts.

Recommended GSAA Strategies for 2015

A critical link is needed to connect federal and state agencies that are developing post-disaster recovery plans with relevant industry stakeholders. The GSAA can help by advocating for the resources needed to implement the NDRF in our coastal communities, supporting the states in building the capacity of businesses to embrace recovery planning principles, and engaging industry in the pre-disaster planning that results in improved post-disaster recovery.

The Ad-Hoc Workgroup on “Business Post-Disaster Recovery Planning” recommends the following strategies and actions for GSAA support in 2015:

Strategy 1: The South Atlantic needs accessible financial (e.g. business tax credits) and non-financial (recognitions, awards) incentives for coastal businesses to prepare or develop a post-disaster recovery plan.

- Action 1.1: The GSAA will build a partnership of industry and professional associations (such as the National Association of Development Organizations, the US Chamber of Commerce, the National Association of Counties, the Association of Chamber of Commerce Executives, Business Continuity Planners Association) with a focus on resilience to build awareness of pro-active businesses and their efforts to prepare for disaster events. The network will identify or create a website to post what businesses are doing in post-disaster recovery planning (PDRP) to build awareness and publicity. The Executive Group will be invited to award annually in each state the “Resilient Coastal Business of the Year” award in conjunction with the start of hurricane season. Criteria for this award and inclusion on the website will be determined by the participating partners. Funding for the initiative will be supported by the participating partners (industry, states, and others).
- Action 1.2: The partnership will evaluate existing financial and non-financial incentives and make recommendations on underutilized opportunities or gaps.
- Action 1.3: The partnership will capitalize on existing relationships with government agencies and industry associations to provide a consolidated source of information regarding financial incentives for businesses to prepare pre-disaster and build awareness of the financial resources available to businesses post-disaster to support long-term recovery.

Strategy 2: The South Atlantic needs coordinated and integrated planning between the business community and emergency managers and other planning efforts by community leaders (development plans, public health, etc.).

- Action 2.1: The GSAA Executive Group/Steering Group will reach out to Congressional appropriators to encourage the full funding of Federal Agencies (FEMA and Department of

Commerce) to implement the NDRF at the federal, state, and local levels. Full funding of NDRF implementation in coastal communities would allow for businesses across the region to be engaged in effective and integrated post-disaster recovery planning, ensuring the economic resilience of South Atlantic coasts. \$4 million is the estimated funding requirement needed through existing FEMA grant programs to the states to fully implement the NDRF, and additional funding would need to be identified for local level implementation.

- Action 2.2: The GSAA Partner Arm and Disaster-Resilience Communities Technical Team will facilitate the establishment of an industry-led Resilient Business Advisory Network for the region, and perhaps for each state, to help coordinate the engagement of the private sector in coastal community NDRF implementation efforts. \$10,000 year is the estimated funding need for meetings and basic facilitation support.
- Action 2.3: The Resilient Business Advisory Network will support the development of lessons learned from model communities on integrated planning efforts with industry and promote the use of best practices in the region. \$30,000 is the estimated funding need for contract support and product development.
- Action 2.4: The Resilient Business Advisory Network will review existing models of Public Private Partnerships (P3) that connect all sizes of businesses and government to prepare emergency response or recovery planning efforts, such as the report prepared for the GSAA by FL DEP on P3 Opportunities in Post-Disaster Redevelopment in Florida, and assess opportunities to expand the use of P3 in coastal communities. \$30,000 is the estimated funding need for contract support and product development.

Strategy 3: The South Atlantic needs programs that facilitate quick recovery of coastal businesses in the short-term to build resilience early and provide a better opportunity for long-term recovery.

- Action 3.1: Drawing from existing research (e.g. the International Economic Development Council, the St. Bernard Project), the Resilient Business Advisory Network will prepare a guide or best practices report on the resources local communities could have to assist businesses to recover post-disaster. \$30,000 is the estimate funding need for contract support and product development.
- Action 3.2: The Resilient Business Advisory Network will identify support for local governments and NGOs in planning for Post-Disaster Business Resource Centers that can address needs and provide resources to coastal businesses in the immediate aftermath and up to a year after a federally declared disaster.

The expected outcomes of these strategies include:

- *Coastal communities in the South Atlantic are better prepared for the long-term economic impacts of storms, hurricanes, and other hazards*
- *Investments leveraged from multiple sources to support the PDRP activities the South Atlantic is undertaking*