



Saskatchewan Economic
Preparedness and Recovery

Toolkit 3—RECOVER

Guidebook



Saskatchewan Economic Development Association

SEDA wishes to acknowledge the following organizations that have led the way in championing economic preparedness and recovery as it relates to natural and manmade disasters.



Readers are encouraged to visit www.restoreyoureconomy.org for an extensive online library of case studies and documented economic recovery efforts from other jurisdictions.

Disclaimer: This document has been developed to ensure that key steps in preparing for the economic impacts of natural or manmade disaster are not overlooked, and to provide communities with a starting-point for the assessment, prioritization, and implementation of post disaster economic and business recovery operations.

These material enclosed within is not intended to be inclusive of every action the community may need to take prior to and following an incident which disrupts services. Economic and business recovery planning must be linked to the local and provincial emergency planning framework.

Introduction

Short-term recovery actions address the immediate needs of individuals and the community. These short-term recovery actions may be removing debris, restoring temporary services, repairing infrastructure, providing temporary housing, and ensuring adequate security throughout the community.

Long-term recovery refers to the need to re-establish a healthy, functioning community that will sustain itself over time. The steps in long-term recovery begin with determining “community need” - those elements that will allow a community to fully recover. Community “needs” may be based upon pre-disaster plans or areas previously identified for improvement. They also may be a result of opportunities presented following the disaster².

Ideally, the long term planning activities should be initiated 4 to 8 weeks after a disaster and be completed within 6 to 12 weeks depending on the severity of the damages and the resources available. Initiating and completing the long term planning process in a relatively short time frame will capture the cooperative community spirit that usually exists immediately following a disaster and to take advantage of the attention (and funding opportunities) provided by federal and provincial agencies.

However, a period of mourning and letting go may be required, prior to moving forward. Each community's economic recovery program is shaped by the community itself, the damage sustained, the issues identified, and the community's post disaster vision for the future.

Economic recovery planning must be integrated into overall community recovery planning and intersect with community redevelopment; housing and infrastructure specific planning efforts. Long-term recovery is generally tracked for 3 years. Rebuilding can take even longer.

The 2010 flooding in southwestern Saskatchewan caused significant damage to the Town of Maple Creek and its local businesses. Economic recovery took five years.

The capacity challenge...

Engaging in this phase of economic recovery may be daunting for many communities, particularly those without dedicated economic development staff.

In Toolkit 3, we have adapted the key **Action Steps** recommended by the International Economic Development Council (IEDC) on their online resource www.restoreyoureconomy.org Worksheets to assist in action planning and evaluation have been attached to this Toolkit to assist in your efforts.

The Toolkit concludes with a section focussed on supporting recovery of small business.

At various points within the following five steps of long term recovery, we have highlighted potential third party assistance that may be available to communities. SEDA will support communities in exploring these alternatives when and if the need arises.



Conduct a post-disaster economic impact study¹

Conducting an independent economic impact assessment should be undertaken as quickly as possible following the disaster. The study will provide strategic intelligence for decision-makers on the ground and support any request for funding or investment that may be required for rebuilding and recovery efforts.

The impact study assesses both physical damage (properties, inventory, etc.) and economic damage to industry and the local economy. Communities that have performed this type of analysis indicate many challenges in acquiring both pre-disaster and post-disaster data, particularly in an initially chaotic environment.

Economic impact studies conducted following a major disaster provide significantly more details on the immediate and long term repercussions of a disaster in terms of jobs, industry, business impacts and other economic indicators. The economic damage of a disaster goes beyond accounting for physical damages or insured loss to such measures as the indirect costs of business interruption caused by power failure or market loss.

To the extent possible, the study should measure the following economic impacts (where data is available):

- Tax revenue loss (sales, property, employment)
- Job loss
- Loss of wages
- Business closures and interruption (loss of productivity)
- Damage to infrastructure
- Damage to property (commercial, industrial, residential)
- Damage to natural resources (which have an impact on local industries)

A post-disaster economic impact study provides insight to public officials, business leadership, and local industry on how the community has been damaged and helps inform their future decision making in terms of response, recovery, and mitigation. The study serves various functions for different stakeholders²:

Public Officials are assisted by:

- Developing a clear picture of how industry and business has been impacted by the disaster;
- Receiving information on economic impact to share with provincial and federal officials in order to secure external recovery resources if necessary;
- Being informed in a way that influences decision making in a time of crisis and taking critical actions for short- and long-term recovery;
- Having a study to document the extent of damage to public infrastructure to further support provincial and federal assistance;

- Understanding how current and future tax revenues have been negatively impacted by the event and how public services might be affected;
- Making the case for economic need to gain access to federal aid so requests are considered credible.

Economic Development Organizations are assisted by:

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

Local Businesses are assisted by:

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

Potential Assistance in Assessing Economic Impact

- *Appendix A* contains an Impact Survey that may be used with local businesses to provide key indicators. This can be distributed door to door, in person, via Canada Post or electronically.
- The Province of Saskatchewan may have access to input/output modelling software which, if available, could assist in assessing economic impact. It will rely on input of post disaster data, such as that collected in Appendix A.
- Approaching independent consultants to donate their skills is another option for communities.
- Following flooding in British Columbia and Alberta, economic development officers from non-impacted communities were approached (successfully) to donate their time and skills in impact assessment and planning efforts.



Initiate a post-disaster economic recovery planning process³

The Economic Recovery Task Force should take the lead in initiating the economic recovery planning process, with support and engagement from other business, civic, and community organizations. This process should begin within at least six months following the disaster. Some communities have started this process even sooner to take advantage of the sense of urgency and unity following a disaster as they strategize about their course of action.

a. Hold a kick-off meeting

A kick-off meeting with leadership representation from key economic stakeholders and local government (Refer to Toolkit 1 for a list of potential stakeholders) is essential to the rebuilding effort. A professional facilitator should be considered to help develop an agenda and facilitate a productive meeting.

b. Identify the roles and responsibilities of all economic recovery stakeholders

Identify roles and responsibilities among partner organizations for both short- and long-term recovery. Part of this process should include assessing the capacity and resources of each organization.

c. Establish working groups to gather relevant data and information

Economic recovery working groups should be established to cover major topics (e.g., business retention, small business assistance, downtown redevelopment, etc.). Each working group should have a chairperson and be responsible for compiling relevant data. The group can also begin identifying major issues and suggesting strategies and resources to address those issues.

d. Produce a complete economic analysis

This economic analysis takes the impact assessment in STEP 1 – to another level.

It includes a detailed look at key industries and anchors and specific quantitative and qualitative data on how they have been impacted by the disaster – and their long term viability. This analysis will provide insight into the current state of the economy, including whether economic development targets should be re-evaluated; a better understanding of competitive positioning; and will lay the foundation for a long-term economic development strategy for the community.

The following steps will assist with the economic analysis:

- Review existing strategic plans and studies for relevancy, evaluate existing business development targets, and revisit economic issues
- Solicit information and input from working groups

- Conduct additional focus groups around key topics to help identify specific challenges and opportunities
- Hold an economic redevelopment charrette with various stakeholders (economic developers, planners, local government, businesses, citizens, etc.) to focus on a specific geographic areas, such as the downtown, an industrial park, or a neighborhood

Potential Assistance in Economic Analysis

- The Province of Saskatchewan may have staff to assist in the analysis function.
- Approaching independent consultants to donate their skills is another option for communities.
- Following flooding in British Columbia and Alberta, economic development officers from non-impacted communities were approached (successfully) to donate their time and skills in analysis and planning efforts.



Fully assess the situation on the ground⁴

Take the time to really understand the post-disaster economic analysis before any actions are proposed or implemented. Holding a public meeting and/or meetings with key stakeholder groups is suggested to revisit the overall “vision” for the community. Has that changed post disaster? A revitalized vision will inform Step 4 – the strategic or economic development plan.

A deep understanding of the current situation will provide critical insight on how the community should move forward.



Create a plan with action strategies⁵

At this point, adapting an existing strategic or economic development plan should be considered. If a plan does not currently exist, or if the incident has caused dramatic disruption, a new economic or strategic plan may be required.

Basic components of an economic development plan are as follows:

1. *Vision Statement or Mandate*
 - Using existing or newly developed vision from **STEP 3**.
2. *Assessment of Current Environment*
 - An overview of community strengths, weaknesses, opportunities and threats will be provided by the analysis undertaken in **STEP 2**.
3. *Establish Strategic Goals and Action Plans.*
 - Create clear action strategies and tactics to provide direction on economic recovery priorities. Evaluate potential strategies and projects.
 - Include a phased approach to economic recovery where clear goals and objectives are set for the short-, medium- and long-term. Emphasis should be placed on long-term goals, which could be 10 years, 20 years or longer (depending on extent of damage).
 - Assign responsibility to appropriate staff and/or organizations to take ownership of and carry out each task. Ensure these organizations have the resources to carry out each task, in terms of capacity, ability and financial means.
 - Ensure that business retention and expansion is addressed before any recruitment efforts take place. Existing businesses are the ones that are most likely to rebuild the economy.
 - Ensure that strategies and actions are specific, with measurable outcomes, to provide a basis for monitoring progress.

Potential Assistance in Creating a Plan

- Refer to the attached Project Evaluation and Decision Making Worksheets in Appendix B and C.
- Approaching independent consultants to donate their skills in developing a plan is another option for communities.
- Following flooding in British Columbia and Alberta, economic development officers from non-impacted communities were approached (successfully) to donate their time and skills in analysis and planning efforts.



STEP 5

Coordinate action plans with the development of an effective communications strategy⁶

The public should be aware of this planning effort and how time, resources and funds will be prioritized. The bigger the disaster, the more important it is for a community to have a common vision of what successful recovery will look like. Future economic strength will depend on how well the vision and opportunities for recovery assistance are communicated and pursued. Maintain communications over the entire course of recovery, however long it may last.

Two communication priorities need to be addressed:

1. Communicating directly with businesses, and
2. Letting the community or visitors know that businesses are still open. This is especially true for tourism-dependent areas or when general access to businesses is affected.

Recommended Communication Action Plans:

- Continue to communicate regularly, even as media attention wanes and the community seemingly returns to normal.
- When businesses repay any disaster related financing loans, update the community. These successes help keep progress visible.
- Schedule interviews with local journalists and media contacts 3, 6, 9 and 12 months after the disaster.
- Continue publicizing availability of recovery loan resources.
- Publicize the stories of companies that had a continuity plan in place and recovered faster because of it.

Small Business Assistance

Context for Small Business Recovery

To set a context for community economic recovery, we provide summary research from the Resiliency Institute⁷. The following key observations are based on their economic recovery analysis of communities in the United States over the past fifteen years:

A Misplaced Illusion of Security Existed: Small business owners believed “this could never happen to me.” They felt their chances of being a victim were extremely remote, sufficiently remote that they could largely ignore the phenomenon, or simply buying insurance to deal with losses should the event ever occur.

‘Nothing They Can Do About It’ Attitude: People had no idea of how they might have protected themselves against the disaster and all the subsequent ramifications.

Complete 360-Degree Impact: Small business owners were often effected by long-term emotional and psychological challenges precipitated by the disaster they experienced. Many owners’ businesses recovered from the effect of the disaster, but their personal disaster continues.

Self-Imposed Limitations: Business owners often made choices in the absence of perceived alternatives. Many failed to see that they had alternatives available to them; in so doing, they limited themselves and their potential response to the disaster.

Imprudent Use of Financial Resources: Business recovery was often financed with savings, loans, insurance proceeds and the sale of holdings. Few grants are available for business owners, and loans must be collateralized. There was an overwhelming temptation to hang on until things get back to normal. In the meantime, savings and loan proceeds dwindle, frustration and anxiety mount, and hope becomes despair.

Not Understanding what is happening to Their Customer Base: Business owners who rushed to reopen their business after a disaster often found themselves short of customers and faced with the resulting cash flow squeeze. Owners who were deliberate about re-establishing their business sometimes found their customers’ buying habits had changed.

Assumption Everything Will Get Back to Normal: Nearly every business owner who reopened their business after a natural disaster assumed things would “return to normal”. Restoring utilities and roads and repairing and reconstructing buildings did not bring things back to normal.” People had moved away, buying habits changed, lives were altered, new people moved in, and patterns and relationships were altered forever.

Communities almost never return to what they were before a significant disruption that natural or manmade disaster brings. Thus the post event environment is always different. Those who perceive the change and adapt appropriately will have an excellent chance of surviving and becoming viable again.

Economic Impact of Locally Owned Businesses⁸

What do businesses need? When disaster occurs, it's important for businesses to adjust their strategies and think through alternatives for rebuilding⁹. Invest time to engage businesses in community rebuilding discussions to develop a common vision.

The economic multiplier for locally owned businesses is much higher than for some others. Of the money spent in locally owned businesses, 72% stays in the community, vs. 43% of the money spent in non-locally owned businesses. Therefore, targeting specific programming assistance to locally owned firms may be beneficial.

Putting Boots on the Ground

Long Term Business Recovery Center (BRC)

Keeping the BRC (Refer to Toolkit 2) active and managed in the long term by a local organization such as the Economic Development Office or Chamber of Commerce, will ensure that small business resources and counselling remain accessible. The BRC should have regular hours immediately following a disaster but as needs change, the online presence and case management system will reduce the need for on-site staffing.

Continued activity of the BRC and related service providers is suggested as follows:

- a. Provide disaster recovery finance counseling for affected businesses.
- b. Encourage businesses to re-evaluate their business plan and redefine themselves and their markets. Recovery steps can present opportunities to change or grow, which may help shorten payback times.
- c. Urge businesses to avoid relying on credit cards to offset losses. Such strategies unfortunately mask the cost of recovery and create a larger burden in the future.
- d. Encourage businesses to keep good documentation for insurance and financing supports. Ensure they keep receipts for everything purchased during recovery.

Volunteer Outreach Teams

Using a case management system, build volunteer teams of professionals to go to businesses at their operation, to assist businesses in recovery planning.

Financing

As the community moves into long-term recovery, small or medium-sized business may have to adjust to a changed local or regional market, and may need to retool products or services, train their employees with new skills, find new customers and seek out new suppliers. As a result, short- and long-term financing mechanisms need to adapt to the specific, timely needs of businesses.

There is much that economic development officers or local municipalities can do to help their small and medium-sized businesses secure financing and technical assistance. Traditional loans are considered risky for small businesses in the immediate aftermath of a disaster. In the short term, small businesses need access to gap or bridge financing with low interest and flexible terms. This gap financing provides businesses with working capital until they can secure funds from other sources, such as insurance claims.

Long-term Financing

Long-term financing helps businesses rebuild property, purchase equipment and inventory, and reorient their business around new markets if needed. Consideration should be given to combining local, provincial and federal sources to create a long-term financing program.

Use of Incentives

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

EDOs could examine how other communities and provinces have developed or advocated for incentives to encourage redevelopment and reinvestment in disaster-impacted areas. In some jurisdictions, incentives are not an option, so more focus should be paid to private financing means, if possible.

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 business retention and expansion include:

Property Improvement/Restoration Incentives: These can be used to defer property taxes on renovations and improvements to facilities.

Equipment/Machinery Incentives: This includes exemptions on property, sales, usage, franchise, or provincial income taxes on new building materials, machinery, and equipment.

Retention/Reinvestment Incentives: These are based on saving jobs and investments of a company that may be in danger of closing. Federal Incentives

Other Solutions

Establishing a **virtual incubator** holds potential for small businesses the opportunity to establish 'trading space' to get their business started. An on-line incubator can also establish new markets for businesses outside of the immediate area. A web based business center can be shared by local businesses to promote products and services.

A **physical incubator** may also be a short or long term solution for business recovery, providing physical infrastructure or temporary (trailers) commercial space. Clustering or centralizing key business supports such as accounting, marketing and administration in an incubator is a cost effective option for small businesses who may be retooling their operations.

REFERENCES

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- United States Economic Development Administration – Resilience in Economic Development Planning (2014)

¹ www.restoreyoureconomy.org

² The Recovery and Resilience Roadmap: A Toolkit for Economic Preparedness (2014) EDA/BCEDA

³ www.restoreyoureconomy.org

⁴ www.restoreyoureconomy.org

⁵ www.restoreyoureconomy.org

⁶ www.restoreyoureconomy.org

⁷ The Resiliency Institute

⁸ Community Economic Recovery Guidebook; Wisconsin Economic Development Corporation (2011)

⁹ Community Economic Recovery Guidebook; Wisconsin Economic Development Corporation (2011)