

June

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2018

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When Disaster Strikes: Economic Impacts of Emergencies



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Today's Agenda

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- ❑ THE EXPERIENCE OF THE 2017 NORTH BAY WILDFIRES
 - Disaster on an unprecedented scale*
 - Lessons learned*
 - The community today*
- ❑ BUSINESSES AND DISASTERS
 - Impacts of disaster*
 - Responses after disaster*
- ❑ GOVERNMENT AND DISASTERS
 - Impacts of disaster*
 - Responses after disaster*
- ❑ NONPROFITS AND DISASTERS
 - Impacts of disaster*
 - Responses after disaster*

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The Experience of the *2017 North Bay Wildfires*



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Disaster on an Unprecedented Scale

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- Tubbs, Nuns, Atlas, Pocket fires raged across Sonoma, Napa, Mendocino, and Lake Counties
- 8,000 structures lost, 250,000 acres burned
- Thousands evacuated, dozens of lives lost
- Government, Businesses, and Nonprofits thrown into chaos—how can each best help?

Lessons Learned

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- No one expected an urban wildfire—the most destructive in California’s history

What did we wish we had known?

1. Community must be prepared for ALL kinds of disasters—fires, floods, earthquakes, etc.
2. Must have robust emergency communication systems, then plan for how they could go wrong.
3. Important to draft disaster recovery plans BEFORE an emergency—for economy, housing, and workforce.

The Community Today

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- Economy is bouncing back, low unemployment but workers in short supply.
- Many small businesses struggled during fires, but the summer busy season is increasing sales.
- Government has responded effectively—but now preparing with new lessons learned so community is more resilient for “next time.”

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Businesses and Disasters: Impacts and Responses



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Impacts of Disaster on Businesses

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- Businesses suffer during initial disaster AND aftermath
 - Stores are damaged, and operations/sales pause during repairs.
 - Retailers see sales evaporate during initial disaster
 - Businesses reliant on visitor spending see sales decline in aftermath
- FEMA: 40% of small businesses never reopen after disaster
- Some businesses actually see increase in sales
 - Hotels along the 101 corridor, car dealerships, construction firms, and “basic necessity” stores saw surge in business
- Businesses which export goods/services to customers out of disaster area will be less impact.

Responses for Businesses after Disaster

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1. Businesses can diversify into new markets—seek customers in many geographies.
Ex: following wildfires, a winery that used to sell mostly to local restaurants shifts 50% of sales to restaurants in San Francisco and Sacramento.
2. Businesses can pursue a more mobile workforce.
Ex: a software company's office is burned down, so its employees work from home, rent co-working spaces, and utilize "hoteling."
3. Businesses can diversify into new products/services.
Ex: a home cleaning service sees decline in business after 5,300 homes are burned. The company pivots to offer smoke damage cleaning services to affected homes and offices.

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Government and Disasters: Impacts and Responses



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Impacts of Disaster on Government

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- Government resources will be stretched thin—fire, police, emergency services strained
 - Also “secondary services” strained—permitting office, healthcare, unemployment services, utilities, etc.
- Government will experience budget crisis from loss of property and sales taxes
 - They should prepare with a “rainy day” fund, and should seek state/federal support.
- In aftermath, government will be challenged by speed of recovery efforts
 - Without strong leadership, effective communication, and a thoughtful economic recovery plan, community will suffer for longer.

Responses for Government after Disaster

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1. Governments can prioritize needs, where suffering is most severe—
Housing? Jobs? Visitor spending? Local retailers?
Ex: a county is heavily reliant on visitor spending, so its Tourism Bureau pushes a rapid and large-scale marketing campaign to dispel “disaster aura” and bring back its tourists.
2. Governments can identify the biggest obstacles to rapid recovery.
Ex: a small town realizes that recovery is slowed by miscommunication and competing recovery efforts, so it creates an Office of Disaster Recovery to unify and direct recovery strategy across all agencies.
3. Governments can create a 12-month economic recovery plan.
Ex: an urban city works with consultants to identify ways to rapidly replace housing stock lost after a flood, and to streamline the permitting process for residential construction.

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Nonprofits and Disasters: Impacts and Responses



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Impacts of Disaster on Nonprofits

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- Nonprofits whose missions are aligned with disaster recovery—e.g. homelessness, food pantries, health services—will receive a new surge of donations and volunteers.
 - They must logistically prepare for the surge, or they won't be able to utilize the extra resources, e.g. turn volunteers away.
- Nonprofits with missions which do NOT align with recovery will see “donor drain” and risk losing funding.
 - They should shift focus to support recovery, e.g. an arts group teaching elementary school class to paint “disaster trauma.”

Responses for Nonprofits after Disaster

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1. Nonprofits can channel their funding, volunteers, and expertise towards recovery.

Ex: an environmental nonprofit can help with debris cleanup after a fire, and can educate homeowners on “defensible space.”

2. Nonprofits can address “secondary” needs of a community

Ex: after debris cleanup is finished, a financial literacy nonprofit can help residents file hurricane insurance claims.

3. Nonprofits can communicate between decision-makers and victims

Ex: a Latino advocacy nonprofit can translate official disaster communications into Spanish, and serve as “trusted messengers.”

In Conclusion

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- Communities must prepare for the worst, in order to respond effectively and rapidly.
- Business, Government, and Nonprofits each have important roles to play.
- Efficient management of these key groups will make the difference between a fast and slow recovery.



Questions?

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