Economic Development Administration

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Economic Development Today

The Economic Development Administration (EDA), the International Economic Development Council (IEDC) and the National Association of Regional Councils (NARC) have established an information dissemination partnership. One element of this partnership is the broadcast of a series of economic development telecasts called Economic Development Today. These telecasts are intended to provide information to economic development practitioners who serve all communities throughout the United States.

Telecast on Gulf Coast Business Reinvestment Forum: Lessons Learned

By: Benjamin Steinberg

On Tuesday, December 6th the National Association of Regional Councils in cooperation with the Economic Development Administration aired the *Gulf Coast Business Reinvestment Forum: Lessons Learned* panel discussion via satellite broadcast. This telecast was the first of six created for the 2005-2006 series, called Economic Development Today. The segment was a rebroadcast from an event held on November 28th and 29th and was co-sponsored by the International Economic Development Council and the U.S. Chamber of Commerce in Washington, D.C.

The Lessons Learned panel was organized to provide economic development and business professionals from the Gulf Coast region a forum to hear perspectives from previous disasters in the United States and learn how these areas were able to create economic stability and opportunity out of the devastation, as well as get advice as to how professionals and business owners can resurrect the Gulf Coast economy in the wake of Hurricanes Katrina and Rita. The program was moderated by Matthew E. Crow, Director of Communications for the Economic Development Administr ation. It showcased one economic development professional from Florida, brought in to discuss Florida's actions proceeding repeated hurricane devastation as well as two representatives from New York to talk about the rebuilding process after September 11th, 2001.

Lessons Learned from Florida

Mickie Valente, Director of Partner Relations from Enterprise Florida, the primary state economic development agency in Florida, highlighted the important steps her state has taken to ameliorate the economic devastation endured from numerous hurricanes over the past few decades.

<u>In the Short Term</u>

1. The Florida Small Business Emergency Bridge Loan Program is an important part of keeping small businesses alive directly after a disaster. In Florida, this program is funded as a special appropriation from the state's General Revenue Fund. Zero-percent loans from $1,000 to $25,000 are made available for as long as six months to qualifying businesses that have sustained physical damage to their property. These

bridge loans can make the difference in whether a company can reopen its doors or is able to endure the economic impact and continue as a viable commercial participant in an affected community.

2. A primary network of professionals on all levels and at both the private and public sector level is central to a successful rebuilding process. Valente elaborated, people must be able to quickly reconnect after a disaster. In Florida, the Primary Partner Network has helped create an avenue for the efficient flow of information between a very diversified and large number of government agencies and public and private organizations, allowing disaster response and recovery to start right away. This web of interconnect professionals is set up so that if disaster strikes, businesses know where to turn to receive assistance. Valente emphasized that local governments and economic development partners are key to this process because they are the entities best equipped to connect the resources to those in need.

3. Communicate directly with small businesses after a disaster. It is important that business recovery not be isolated from disaster recovery and that businesses be given individual assistance. Immediately after each hurricane, the Governor's Office of Tourism, Trade and Economic Development and Enterprise Florida collaborate with a host of partners including Florida's economic development and workforce development partners as well as the Federal Emergency Management Agency and Small Business Administration to conduct workshops in which business owners and operators can learn about the federal, state and local resources available to assist in their business recovery. This team of players gives each business a foundation for recovery assistance. These partners also play a key role in establishing business assistance centers in the impacted communities that provide a one-stop shop where employers can seek one-on-one assistance in a confidential, professional setting.

<u>Long Term View</u>

1. Recreate state building codes and standards. After Hurricane Andrew in 1992, Florida realized the need to create state building codes. This initiative was eventually mandated by the State Legislature to mandate developers to create buildings at a higher standard, ensure stronger durability and longer lasting safety. The success of these codes has been evidenced by the durability of the residential and commercial construction in areas which are built to the higher standard.

2. Retaining businesses is important to the economic vitality of the state as a whole. From an economic development standpoint, businesses, both large and small need to be supported and encouraged to stay in a particular state. That point is extremely clear in a state that has a greater chance of being hit by a hurricane. For instance, businesses that have received special inducements when first recruited to a state and subsequently directly impacted by a storm or other disaster may be allowed some flexibility in meeting deadlines on performance measures. States might also consider in advance how its existing business development and recruitment programs can be applied to assist existing companies that may need to relocate from an impacted community to another location within the state.

3. Build disaster prevention and mitigation plans into an overall business plan. Valente shared that there are tools out there for businesses to use to help them through this process, but they have been widely under-utilized. She stated that business disaster plans are equally as important as any other part of the business plan and should be taken very seriously. She advocates that banking and insurance institutions recognize businesses that take these steps.

4. Businesses should be at the table when elected officials and developers decide where public money is going to be spent. It is important that this process be transparent and that new projects are not created without the means to pay for them. Economic development and business and community leaders know best what the economic development vision was before a disaster hits and should be there to ensure that those designing the community's recovery do not lose site of that vision.

Lessons Learned from New York City

Maria Gotsch, Co-CEO and Co-President of the New York City Investment Fund, spoke on how New York City was able to reinvigorate a devastated city after the September 11th attacks. Founded in 1996, the NYC Investment Fund is a private fund with a civic mission that was established to mobilize the city's financial and business leaders to help build a stronger and more diversified local economy. The Investment Fund is a subsidiary of the Partnership for New York City, a business leadership organization comprised of select CEOs from the 200 largest employers and business leaders, which was set up in the late 1970's to respond to the city's fiscal crisis.

<u>In the Short Term</u>

1. Assess the economic impact of a disaster. This process is important to see where financial resources can be most effectively utilized. One of the first things the Partnership did was pull together seven of the largest consulting firms to do an economic impact study of the 9/11 attacks. One hundred and fifty consultants over a two month period created an analysis that was the basis for conversation between policy and economic development officials as to what resources were needed and where to rebuild the New York City economy.

2. Provide immediate assistance, such as technical assistance and patient capital (grants or low interest loans), to small businesses to help them survive the immediate aftermath of a disaster. ReSTART Central was a program that started as a distribution center directly after 9/11 to help small businesses access donated goods and services. In partnership with the state and city, the NYC Investment Fund was able to deliver donations as well as technical assistance to almost 1,000 businesses in Lower Manhattan. Another helpful program was the Financial Recovery Fund. The Recovery Fund raised $11 million dollars from the private sector to set up a recoverable grant program for small businesses to receive grants ranging from $25,000-$250,000. This program was up and running three months after the attacks and complimented the Small Business Administration loan programs. The Partnership also helped a multi-union workforce training group raise $35 million to help retrain workers displaced by the 9/11 attack.

<u>Lessons Learned from the WTC Attack</u>

Ms. Gotsch was able to impart a number of helpful tips to the Gulf Coast audience about her experience in NYC:

1. Speed of recovery is very important to small business. The faster they can move from crisis management to rebuilding the better.

2. Technical assistance can help a business plan effectively. The NYC Investment Fund created a business mentor program for all of their grantees. These mentors helped businesses to develop rebuilding strategies, create marketing plans and access other sources of capital.

3. Federal and State level assistance should not only be used for replacing what was once there, but for upgrading and building for the future. A disaster can be looked at as an opportunity for future growth and development. Certain laws may have to be changed in this regard.

4. Creation of partnerships between the private and public sectors is critical. Both sectors are capable of a lot, but it is only when they work in tandem, that full scale recovery is possible.

6. Training programs are an important part of the process. Instead of providing general training to people, create a system that provides a job directly after being trained.

7. Attracting people back into your region is an important part of jumpstarting the local economy. In the case of New York, the city launched a marketing campaign targeted at tourists and provided complimentary theatre tickets as an incentive for visitors to come to NYC. This provided direct assistance to the struggling theatre sector and was a fairly low cost way to attract tourists. Gotsch suggested that New Orleans do something similar, such as taking the unique New Orleans culture of musicians and food on a national tour for awareness and fund raising.

Lessons Learned from New York State

Amy Schoch, Deputy Commissioner of the Manufacturing and Environmental Program at Empire State Development, the New York State Economic Development Agency reinforced Ms. Gotsch's comments about the situation in New York City and gave her own perspective and advice as to how to build up an economy after a disaster.

<u>In the Short Term</u>

1. Keep a positive attitude. Schoch explained the absolute devastation and shock that surrounded the 9/11 attacks. People desperately needed to feel comforted. In an attempt to create solidarity, the state gave whatever money it could to creating TV and radio commercials that helped to unify New York residents.

2. Simultaneously attracting and retaining large anchor business will help hold an economy down. Recognizing the intimate connection between large and small employers will help a local economy stay afloat. For example, most small businesses supply large business chains, therefore after a disaster it is important to make sure big business does not leave the area. In order to remedy this situation, the state created incentives for large businesses to stay in New York.

3. Create avenues for communication. All three panelists stressed the importance of communication networks. Within 24 hours of the attacks, New York had walk-in assistance centers and a 1-800 call center where basic information could be answered. The immediate goal of the Empire State Development was to publicize basic information in any way they could—through newspapers, libraries, institutions, etc.

4. Grant and loans programs were critical for helping businesses "hang on by their fingernails". In complimentary fashion to the NYC Investment Fund, the state and city also created a funding system for small business. Through the Small Business Administration, the State and City created a bridge loan program. Additionally, the city created a small grant program for small businesses. These grants were particularly helpful during the holiday season, when revenue streams were particularly important to business.

5. In times of disaster, create flexibility in government grants. For instance, SBA loans require collateral when applying for grants. This system is manufacture-centric because these industries have hard assets to put on the line. The New York City economy is virtually all service-based and because of this, many small businesses were forced to put their own homes on the line. State grants, particularly the CDBG, also given after the 9/11 attacks, were considered taxable income. This system made it difficult for companies to fully recover because a large part of their assistance was taken away from them. Many companies and residents also had problems receiving CDBG grants because they were not low to moderate income and CDBG mostly focuses on these populations. Although there were many stipulations, the state commends its federal partners for their work and assistance.

Long Term View

1. Create a flexible tax system after a disaster. For example, businesses were exempt from paying taxes on the days following the attacks. Depending on their proximity to the impact area, they were not taxed for a certain number of days, to compensate for the loss of business.

After the conclusion of the "Lessons Learned" panel discussion, Matthew Crow interviewed Deputy Assistant Secretary Eric Stewart of the Department of Commerce about the new Hurricane Contracting Information Center, created by the Economic Development Administration. This Gulf Coast Center was erected to provide transparency, openness and opportunity for small, local, minority and women owned businesses that are looking to do business with the Federal Government. Businesses can now call in and talk to contract specialists from various federal agencies in order to receive counsel. This is particularly helpful for businesses because these professionals can help them register with the federal government for assistance as well as give them information that will help them stay competitive.

In order to talk with a contract specialist call: 1-888-487-2362. In order to learn more about the Hurricane Contracting Information Center visit: www.rebuildingthegulf.gov.
To get more information on opportunities to work with the government, visit: www.fedbizopp.gov.

For more information on the next telecast, pleae contact Peggy Tadej at 202.986.1032 ext. 224 or at tadej@narc.org.