

Hurricane Recovery Task Force

Interim Report

March 1, 2006

The Hurricane season of 2005 has gone down in history as having produced what has been estimated to be the costliest natural disaster in U.S. history. Katrina has resulted in an estimated cost of devastation of over \$125 Billion. Galveston Island was impacted indirectly by Katrina, through the housing and provisioning for over 3,000 estimated evacuees. Rita, which came later on September 21, 2005 narrowly bypassed Galveston Island, however the City and her citizens were challenged to react by implementing their emergency management processes during a mandatory evacuation of the Island.

The passing of a very active hurricane season (26 named storms) and the realities of what has been experienced along the Gulf Coast states of Texas, Louisiana, Alabama and Mississippi during this past season enacted a call from the Mayor of Galveston, the Honorable Lyda Ann Thomas to the Galveston Economic Development Partnership (GEDP). This call was to form a Hurricane Recovery Task Force to identify what Galveston Island could do – proactively – in assessing mitigating factors for disaster response and recovery.

In October of 2005, the GEDP convened the Hurricane Recovery Task Force with two primary objectives:

- 1) Evaluate what impacts would be felt by the City of Galveston if a major hurricane were to strike the Island and the resulting devastation were to affect more than 50% of the Island's tax base; a portion of the City's infrastructure were destroyed and normal operations would return in a period of up to 10 years.
- 2) Evaluate and assess what actions/services the GEDP could provide to the Galveston business community that would aid in the education and preparation for a catastrophic event and the expedited rebuilding of Galveston's tax base.

This report has been divided into four (4) separate sections:

1. Issues Addressed in Anticipation of 2006 Season

This section is dedicated to those issues that have been identified as areas needing enhancement from the experiences learned during the 2005 Hurricane Season. Focus has been given to the City of Galveston and the City's largest employer the University of Texas Medical Branch at Galveston.

2. Universal Recovery Issues

This section is dedicated to those issues that are applicable to all entities that may be affected as a result of a hurricane strike. These issues represent those that this Task Force has heard from numerous geographic areas that were affected either through Katrina or Rita and are viewed as primary issues in which improvements can be made immediately.

3. City Recovery Issues

This section focuses more on the local municipality and the issues that will be confronted during the aftermath of a significant hurricane. It is important to remember that the primary functions of our City immediately following a disaster will remain public safety, infrastructure and communications.

4. Business Recovery Issues

This section focuses on the business community and what actions need to be considered in preparing and facing the eventuality of a disaster hitting our area. Planning is the greatest tool available to our business community and other areas that have been devastated have stated plainly that greater coordination and contingency planning would have made a difference in their small businesses ability to reopen. Some areas have stated that over **40%** of all small businesses have closed due to damages received from this past hurricane season.

Conclusions

Housing, Labor, Gap-Financing and Communications are the primary obstacles to plan for in the *Recovery Phase* of disaster planning. This report has attempted to shed light on those factors that have been identified as areas of critical concern from our neighbors affected by Katrina and Rita. The reality however is that planning for our RECOVERY must be an annual and ongoing effort.

In spite of all that has been identified throughout the work of this Task Force, it is obvious that we will never be done. Our hope is that through the review of this document, issues that will need to be addressed are brought to your attention or areas that you have previously planned for are reviewed and updated in a periodic fashion. The commitment of the GEDP is to continue refining this document as more information and better alternatives are found.

Acknowledgements

This initiative was made possible through the support of the GEDP Board of Directors and the numerous individuals who graciously gave of their time and talents in researching, investigating and developing the recommendations contained herein. Special appreciation is given to Chairwoman Mayor Lyda Ann Thomas, Co-Chairman Jayson Levy, City Manager Steve LeBlanc and his staff, City Attorney Susie Green and to the two Chairmen of the subcommittees Mr. Harris L. "Shrub" Kempner, Jr. and Garry Kaufman. Below is a listing of the members of this Task Force.

The Honorable Lyda Ann Thomas, Co-Chair of the Hurricane Recovery Task Force

Jayson Levy, Co-Chair of the Hurricane Recovery Task Force

Garry Kaufman, Chairman of the Business Recovery Sub-Committee

Shrub Kempner, Chairman of the City Recovery Sub-Committee

| | | |
|-----------------|----------------------|------------------|
| Steve Hale | Fred Micks | Pat Rowles |
| Susie Green | Jeff Miller | Albert Shannon |
| Randall Kempner | Terrell Pallmer | Johnny Smecca |
| Damon King | Keith Palmer | Dick Swain |
| Steve LeBlanc | Vic Pierson | Barbara Thompson |
| Trey Lary | William A. Ross, Jr. | Gwen Wagner |
| Randy Lowrance | | |

Finally, the GEDP would like to express their appreciation to business and political leaders from the Beaumont/Port Arthur, New Orleans, Biloxi and Gulf Port areas for their openness in meeting with us, touring us and sharing with us their lessons learned and experiences from encounters with Katrina and Rita. In particular, appreciation is expressed to:

Mr. Steve Hale, Gulf Copper

Verna Rutherford, Port Arthur Chamber of Commerce

Jim Rich, SBAlliance Capital, Beaumont Chamber of Commerce

John Cascio, Jefferson County Emergency Management

Mr. Dick Swain, United Fire Group

Mr. Leo F. Wegman, Jr. and his team, United Fire Group – New Orleans

Mayor Gerald Blessey, Former Mayor of Biloxi

Mayor Brent Warr, Mayor of Gulfport

Mr. Joe Cloyd, Governor's Rebuilding Commission (Mississippi)

Mr. Ricky Mathews, Pres./Publisher of the SunHerald

**Issues addressed in Anticipation of 2006
Hurricane Season**

**(THIS PAGE LEFT INTENTIONALLY BLANK –
IN DEVELOPMENT)**

UNIVERSAL RECOVERY ISSUES

| ISSUE | ACTION |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contingency Planning | <p>Change your planning time frame for hurricane preparedness and response. Planning for reacting to a storm needs to be increased from 2-4 days of self sufficiency to 1-3 weeks if not longer. This includes planning for items such as cash, medications. Clothing, baby supplies, food supplies, etc...</p> |
| Communications | <p>Multiple sources must be identified for communicating up to, during, and after a storm. Experience now illustrates that cell phones and electricity are not always reliable during and immediately following a disaster. Plans for the usage of alternate communication tools must be included as a component of any recovery plan.</p> <p>Communicating with employees following a disaster can be simplified by pre-planning communication check-points and alternate media such as web-sites or affiliate offices in which employees can check in for progress reports and direction.</p> |
| Housing | <p>Locating suitable living conditions after a storm may be the single most difficult task for anyone associated with the rebuilding/ Recovery process.</p> <p>Pre-planning is essential to identify how, where, and when housing alternatives may be made available. Identify temporary housing sites with adequate infrastructure or where infrastructure can be established expeditiously.</p> |

CITY ISSUES

| ISSUE | ACTION |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Obligations of the City | <p>Options available for existing debt:</p> <ul style="list-style-type: none"> a) Refinance – viewed as most favorable option and one that the City appears well positioned for due to their current structuring of debt. b) Increase Debt Service payments – viewed as least favorable option as this would require increase in user fees to cover costs. c) Consider push for creation of a State “Pool” similar to what was created by Louisiana in which the State steps in through their own creditworthiness to assist local municipalities with their bond payments. d) Consider Private Corporations/ Foundations for support. |
| Financing Resources Post Disaster | <p>Available Funding would/could include:</p> <ul style="list-style-type: none"> a) City Reserve Fund of \$1.5 Million b) CDBG Funding of \$2.2 Million c) City Unrestricted Funds of \$5 Million d) Bond Refinancing e) Employee Reduction/Multi-Tasking/Service reductions post disaster f) Bridge Loans <p>Increase “Emergency” Reserve Fund up to two (2) months of general fund expenses. (i.e. go from \$1.5M to \$6.5M being available for disaster recovery)</p> |
| City Personnel Funding | <p>Post Disaster assess critical staff needs and utilization. Unfortunately, staff reductions for non-critical positions likely suspended.</p> <p>Utilize existing budget for personnel costs.</p> |

| | |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Schools</p> | <p>Work with all educational institutions across the community to cooperate and assist in their ability to re-open as quickly as possible after a disaster.</p> <p>Share plans with GISD to ensure that workers returning to the area are able to access schools for their children.</p> |
| <p>Housing</p> | <p>Develop process for the mapping, inventory and database creation for Historic structures. Pictures, blueprints and plans should be protected.</p> <p>Council needs to decide where and to whom temporary housing units are assigned. A plan must be developed for the location of trailers or other suitable temporary housing units, dedication of existing infra-structure to support these units, and an exit strategy for removing these within a defined period of time.</p> <p>Develop pre-arranged agreements with organizations like Habitat for Humanity and/or Rebuilding Together for housing.</p> |
| <p>Permitting/Rebuilding</p> | <p>Through the Planning Dept. identify policies for expediting and managing the rebuilding effort. Special attention must be given to the inordinate amount of time dedicated to "inspection" activities.</p> <p>Identify registered businesses through the City that are qualified to do business on the Island.</p> <p>Establish guidelines to assist homeowners, property owners, and business owners in navigating the "process" that will be utilized in permitting activities.</p> |

| | |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>CDBG Funds (cont'd)</p> | <p>Develop method for utilizing CDBG funds as they may be made available either locally or through the State.</p> <p>Coordinating ahead of time will expedite the City's ability to secure/be made aware of available funding alternatives. Examples include HOME/First Time Homebuyer Programs/et. al. waivers, small business bridge financing, and allocation of current and future funding resources through the Housing & Urban Dev. Admin.</p> |
| <p>Gulf Coast Water Authority</p> | <p>Continue dialog with GCWA regarding post disaster expectations. GCWA has acknowledged that flexibility will be exercised (i.e. delayed payment schedules)</p> |
| <p>Utilities</p> | <p>Review and revise as necessary critical geographical areas of the island for immediate recovery activities with Centerpoint Energy, Texas Gas Service and others as appropriate.</p> <p>Within the decision by Council to locate temporary housing, utility companies should assist in determining where utilities will be best served by infrastructure.</p> <p>Review the prioritization of "critical areas" to ensure that key economic catalysts are identified for rebuilding the City. (i.e. Governmental, UTMB, Educational Institutions, key Retail, key Fuel Distributors, etc...)</p> |
| <p>Development Post Disaster</p> | <p>City attorney will look at legal means to expedite foreclose or other means in order to assist redevelopment of the Island's tax base.</p> <p>Articulate a methodology/process for a strategy to be utilized/implemented.</p> <p>Create a new Disaster Recovery 501(c)(3) organization or identify an existing 501(c)(3) organization that can be utilized for the receipt of materials, supplies and cash for recovery efforts prior to the next hurricane season.</p> |

| | |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Other Issues for Discussion:</p> | <p>Post-Disaster Fuel Supply for the Island.</p> <p>Warehousing of Cots (estimated 3,000 for evacuation allocation purposes).</p> <p>Develop an effective marketing strategy for promoting the progress of the City during the recovery period. Utilize mass media to ensure that accurate stories are being told to the outside world regarding the status and progress of the community.</p> <p>Enhance the City's relationship with the major retailers of the community. Their success in reopening and providing goods will enhance the City's ability to "re-open" effectively.</p> |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

BUSINESS RECOVERY ISSUES

| ISSUE | ACTION |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Labor Issues | <p>The single most difficult issue to manage after a catastrophic event will be that of employees. As witnessed by businesses across the Gulf Coast – communicating, housing, paying, and assisting employees dislocated or who have suffered devastation personal financial hardships can be minimized by having a plan in place prior to the storm.</p> <p>Develop a company wide communication and logistical plan prior to hurricane season. Within this plan identify issues such as communication points, potential housing solutions during recovery, salary plan, staffing expectations, etc...</p> |
| Gap Financing | <p>Complete the GEDP Disaster Recovery Guide prior to the hurricane season.</p> <p>Businesses ability to cover the time period between the catastrophic event and the receiving of either insurance proceeds or federal funds will be critical. Pre-planning is critical in prearranging financial resources with expected and unexpected expenses.</p> <p>Identify a key employee who will be in charge of applying for and managing the application/request phase of funding after the storm.</p> <p>Organize and compile business “loan” package in anticipation of applying for and receiving funding after the event.</p> |
| Re-Entry Strategy | <p>Request that the City of Galveston develop an identifiable re-entry strategy for business owners in order to allow them access to assess damage incurre.</p> |

| | |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Re-Entry Strategy (cont'd)</p> | <p>Request the City to educate Galvestonians during the preparedness meetings on the importance of not coming back too soon after a storm, as it may impede recovery more than aiding it.</p> |
| <p>Galveston Economic Development Partnership</p> | <p>Create an effective web-portal for the dissemination of information and to serve as an additional communication linkage.</p> <p>Develop an Information Resource Center for the assistance of post-disaster resources.</p> <p>Utilize the GEDP GIS program for use in the response and recovery period of a disaster. Work with all governmental bodies to coordinate the data and usage of the system.</p> <p>Establish a contractual relationship with a professional disaster recovery company to ensure operational status post-disaster.</p> <p>Develop an Disaster Recovery Guide to be used in preparing for the evacuation and recovery from a disaster.</p> <p>Monitor insurance legislation and impact of future changes to the Island.</p> <p>Identify what, if any, incentives could be employed by the City/County to aid in the recovery and rebuilding process. (financial/non-financial)</p> <p>Establish working relationship with regional funding allies to articulate gap-financing resources available after a catastrophic event. Identify funding available, application process(es), and contact information.</p> <p>One example would include the Houston Galveston Area Council for utilization of the Gulf Coast Small Business Finance Corporation as an existing SBA Certified Development Company for the distribution of CDBG, SBA or other dollars that may be made available.</p> |

| | |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>City of Galveston</p> | <p>Articulate what process would be used in expedition the permitting process during the rebuilding efforts after the storm</p> <p>Develop a pre-storm checklist for public works prior to an evacuation. One example could be the implementation of a "garbage run" in which household items normally left in refrigerators are collected and dumped.</p> <p>Identify a process for dissemination qualified contractor listings to the community. Issues such as insurance, performance bonds and preferences for local contractors should be identified.</p> <p>Identify any areas where pre-contracts can be established with local companies for the rebuilding process, of which, FEMA eligibility can be applied</p> |
| <p>Other Issues for Discussion:</p> | <p>Realization the Business Interruption insurance, if available, will most likely be unaffordable.</p> <p>Employers must have two strategies in place with regard to disaster recovery:</p> <ul style="list-style-type: none"> a) Plan for the Business b) Plan for the Employees <p>Planning for 2-4 days has proven ineffective. Today's planning must be for a longer period of time.</p> |