

COMMUNITY *Connections*

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SUMMER 2013

FEDERAL RESERVE BANK of KANSAS CITY

Respond and Rebuild: Collaboration at its Best

By Tammy Edwards, Vice President, Community Development



Hundreds of mementoes placed at the site of the Plaza Towers Elementary School in Moore, Okla., reflect the resilient spirit of this community that is rebuilding after a tornado ripped through the city in May.

In late May and early June, severe storms and tornadoes struck a 16 county area in Oklahoma with the city of Moore being hit the hardest. In total, the disaster claimed 47 lives and caused more than \$2 billion in damage. Disaster assistance to Oklahoma now tops \$17.5 million.

Local, state and federal organizations swiftly collaborated to help impacted residents and business owners in their time of great need. To date, more than 6,000 residents and nearly 400 business owners have sought some type of assistance.

As devastating as the storms were, the experience showcased the resilient spirit of residents, community organizations, business leaders and financial institutions, all of whom came together to begin the rebuilding process. The cooperation, innovation and creativity being displayed in Moore is speeding the recovery and will result in a stronger community.

Through a community and economic development lens, this issue of *Community Connections* highlights various disaster recovery initiatives underway in Moore, Okla., and in two other Tenth District cities, Joplin, Mo.,

and Greensburg, Kan. It is our hope that the information shared will encourage individuals and communities to develop disaster preparedness plans before disaster strikes.

Continue to visit our website, www.kansascityfed.org, follow us on Twitter, @KansasCityFed, and link to our Pinterest account, pinterest.com/kansascityfed, for access to a wealth of information. Please contact me at tammy.edwards@kc.frb.org with your comments or suggestions.

Banks Play Key Role in Assisting Communities Recover from Disasters

By Senior Community Development Advisors Ariel Cisneros and Steve Shepelwich



The F5 tornado that swept through Moore, Okla., destroyed homes and businesses. The community came together to assist survivors and small business owners.

Survivors of disasters have urgent needs for cash immediately after a disaster. That was the case following the tornadoes that swept across central Oklahoma in May.

In response to the May 20 disaster, Oklahoma State Banking Commissioner Mick Thompson worked with the Federal Reserve Bank of Kansas City, Oklahoma Insurance Commissioner John D. Doak and local banks to ensure that food, shelter, financial and other needs of residents, businesses and medical workers were met quickly.

The joint response underscored the value that collaboration plays in helping disaster-struck communities recover and assist their residents regain financial stability, many of whom may be without jobs until damaged businesses reopen.

Collaboration helped spur the recovery of Greensburg, Kan., after a tornado devastated that town on May 4, 2007, and is contributing to the ongoing work in Joplin, Mo., which is still recovering from the tornado that struck May 22, 2011.

The crucial role played by lenders after a disaster is a key reason the Community Reinvestment Act (CRA) provides guidance for bank action in a “Designated Disaster Area,” under the act’s community development definitions of revitalization and stabilization.

“People need cash for lodging, food and clothes after a disaster,” said Thompson.

Thompson contacted local banks, including Bank of Oklahoma, BancFirst and Arvest, to arrange mobile ATMs for the affected areas. The first ATM was operational within 36 hours of the disaster.

Thompson worked with Bob Toler, assistant vice president of the Exams and Inspections Department at the Kansas City Fed’s Oklahoma City Branch, to ensure that sufficient amounts of cash were available for ATMs.

Collaboration between bankers and the Oklahoma Department of Insurance also made it possible for survivors to get insurance checks honored at local banks, even though many people had lost important pieces of identification in the disaster.

BancFirst, which oversees accounts for the Moore Public Schools, worked with other banks and regulators to provide teachers with provisional credit while the school district recovered payroll data from its damaged computer servers.

First American Bank sponsored community meetings, bringing in the Small Business Administration, the American Red Cross, the city of Moore, the Chamber of Commerce and the Oklahoma Small Busi-

Continued on next page

ness Development Center to assist the Federal Emergency Management Agency (FEMA) with recovery efforts.

FEMA set up recovery centers where survivors were referred to government and nonprofit agencies that provided a range of services, including disaster recovery budgeting, working with creditors, dealing with insurance, obtaining copies of destroyed documents and managing mortgage payments on a home that now lay in splinters.

In addition, lenders suspended foreclosure actions and waived late fees. Wells Fargo donated \$100,000 to the American Red Cross and established a mobile hub to assist customers with on-site home recovery efforts.

“This cooperation is the way things should work,” said Thompson. “Local control allows us to be able to do something immediately.”

LESSONS LEARNED

The collaborative response in Moore is succeeding in part due to lessons learned from earlier disasters in the Tenth District. After Greensburg, regulators noted a need for emergency planning that covered a wide range of threats, including disruptions and outages to bank data systems.

A study by Kansas City Fed economists Eric Robbins and Ken Spong found that disaster recovery plans developed by Greensburg’s three banks were important to restoring services to customers in the days just after the tornado there. To learn more about the research go to: <http://www.kansascityfed.org/publicat/ten/pdf/fall2008/masterplan.pdf>.

For example, Greensburg State Bank quickly implemented a



The Federal Emergency Management Agency set up centers where residents were referred to assistance with banking, insurance, food, clothing and other needs.



The Moore Medical Center was destroyed creating a need for other community institutions to step in and address the needs of survivors.

disaster recovery plan that included contracting for a temporary facility, complete with a teller counter, drive-up window, vault, two offices, a bookkeeping area and a generator.

In Joplin, bankers joined with other community leaders to begin the “renaissance” of that city, which includes Rebuild Joplin, a broad-based program that focuses on residential needs, said Clive Veri, regional President for Commerce Bank.

“We already had avenues of communication set up,” Veri said. “So when the disaster hit we all rolled up our sleeves and relied on those relationships to get done what needed to get done.”

Besides partnering on loan funds, Commerce and other local banks counseled consumers and worked with Habitat for Humanity to build houses.

Yaira Velez, a consumer affairs manager at the Kansas City Fed, explained that there are numerous opportunities under the CRA for bankers to assist their customers following a disaster.

Velez listed services such as on-site mobile banking units, small dollar loans, easing credit terms for borrowers and temporarily waiving loan payments and service fees. Banks can also consider purchasing city bonds targeted for rebuilding infrastructure.

Further guidance for institutions regulated by the Federal Reserve can be found at: <http://www.federalreserve.gov/bankinforeg/srletters/sr1306.htm>. For more assistance, banks can contact their regulator.

The key, Velez said, “is being responsive to needs of individuals, businesses and to the community.”

Business Support Organizations Essential to Disaster Recovery

By Dell Gines, Senior Community Development Advisor

Rebuilding after a natural disaster can pose huge challenges for small business owners, who not only lose their business, but also, at least temporarily, their client base.

One out of four businesses that close due to a natural disaster never reopens, according to the Insurance Institute for Home and Business Safety. So, while medical care, safety and reconstruction are often the first priorities after a disaster, restoring a community's economic vitality also is an essential long-term goal of the recovery process.

Economic development and small business support organizations, city officials, chambers of commerce and federal assistance agencies can play key roles by providing pre-disaster training and post-disaster support, connecting businesses to credit, capital and technical assistance.

This was true in Moore, Okla.

Within days of the May 20 tornado, the cities of Moore and Oklahoma City joined with the Oklahoma Department of Commerce and local chambers of commerce to form the Greater Oklahoma City Back to Business Initiative. The main goal was to assess the immediate needs of the estimated 2,100 businesses within a one mile path of the tornado.

The initiative created a website where business owners could request financial and technical assistance. In many cases, businesses were referred by Federal Emergency Management Agency workers to Small Business Administration Disaster Recovery Centers, where owners could apply for low interest loans.

The initiative echoed cooperative efforts in Joplin, Mo., where the Joplin Area Chamber of Commerce helped the Missouri Department of Economic Development promote state-wide tax-incentives to spur donations to the tornado recovery of that city's businesses.

The marketing campaign employed stark images of mangled buildings, along with phrases asking potential donors to imagine the hopeless feeling "of starting over from ground zero."

DISASTER PREPAREDNESS

Business experts say the experiences of Moore and Joplin underscore the necessity that businesses have preparedness and recovery plans in place before disaster strikes.

Local chambers and technical support agencies can play critical roles in educating businesses in disaster preparedness and to connect owners with credible insurance providers.

Even a year after Hurricane Katrina, one of the nation's worst disasters, a Harris International Poll reported that only 1 out of 3 business owners felt prepared to deal with a disaster.

Natural disasters will always pose challenges for business owners.

Experts, however, say economic development agencies can help business owners become better prepared, spurring a faster and stronger economic recovery for the community as a whole.

To learn more about SBA disaster assistance, go to: www.sba.gov/services/disasterassistance.

To learn more about the Greater Oklahoma City Back to Business Initiative, go to: www.okcchamber.com/index.php?src=news&refno=597&category=Chamber%20News.

To learn more about the Joplin Business Recovery Fund, go to: www.joplinc.com/businessrecovery.html.

To learn about community development resources from the Federal Reserve, go to: www.frbatlanta.org/commdev/cdresources/disaster-planning/.



Moore Chamber of Commerce officials joined with other civic and community organizations to assist businesses reopen as quickly as possible to serve the public.



Many businesses were damaged or destroyed in the Tornado that ripped through Moore this past May.

Helping Homeowners after a Disaster takes Time and Optimism

By Paul Wenske, Senior Community Development Advisor



Survivors of the tornado that devastated Moore, Okla., return to their home to assess the damages.

City, state and federal agencies in Oklahoma can learn a lot about rebuilding a community after a natural disaster from Joplin, Mo.

On May 22, 2011, a tornado tore through Joplin, leaving 161 people dead and hundreds more homeless. Many survivors simply moved away.

But that was before 130,000 volunteers began rebuilding the city, and before supporters this past June peddled their bicycles 800 miles from Joplin to New Orleans to raise awareness about the need to rebuild neighborhoods in both cities devastated by natural disasters.

Community leaders in Moore, Okla., where 12,000 households were affected by recent storms, are now facing similar challenges.

“We will rebuild and we will regain our strength,” Oklahoma Gov. Mary Fallin told reporters after an aerial tour of the tornado’s path, which turned many homes into “just sticks and bricks.”

Joplin, Mo., isn’t back together yet, but it’s getting there, say supporters of an initiative known as Rebuild Joplin, a collaborative effort that has refurbished or built about 75 homes.

“Our goal is to get people back into safe and secure homes,” said Doreen Finnie, development director for Rebuild Joplin.

While the rebuilding effort has not fully embraced the “green” approach taken in Greensburg, Kan., which was destroyed by a tornado in May 2007, there is awareness of an opportunity to build energy efficient homes that are also more resistant to severe storms.

“There has to be a strong emphasis on the goal of sustainability,” said Aaron Chevalley a construction coordinator with AmeriCorps, which has sent volunteers to work in Joplin.

For one thing, the new homes in Joplin are being built to more stringent codes to better resist strong winds.

“Greensburg is the sustainability model,” Chevalley said.

He said a new organization called Green Town Joplin has joined with Greensburg Green Town to promote “green” efforts in Joplin. The groups are also reaching out to grass roots groups in Moore.

PULLING TOGETHER

Rebuild Joplin began as an online website, using social media as a tool to match people in need to people who wanted to help. Much of the original support came from grants and donations.

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New affordable homes are being built with public and private support in Joplin, Mo., which was hit by a tornado in 2011.



Federal Emergency Management Agency disaster task force members survey survivor needs after the Moore, Okla., tornado.

But the effort has morphed into a regional effort, with help from banks and charitable organizations, such as the Community Foundation of the Ozarks and the Community Foundation of Southwest Missouri.

The Joplin effort also has attracted corporate funding and assistance from Toyota, UPS, Farmers Insurance and Office Depot.

Pulling together was not hard for residents of Joplin, said Clive Veri, regional president for Commerce Bank.

“Because of our geographic area, we are self-contained,” Veri said. “We have to take care of our own. Whoever had a chain saw or front loader, they just got in their truck and started helping.”

One mechanism helping to finance housing is the creation of the Joplin Capital Corp., which operates a revolving loan fund made possible in part with contributions from local banks.

Rebuild Joplin also is implementing a forgivable, soft-second loan program that carries a zero percent interest rate.

The program helps close an affordability gap for many first-time homebuyers. The second mortgage can be no greater than 50 percent of the purchase price, or \$65,000, whichever is less. Borrowers are required to complete homebuyer counseling.

Homeowners can also obtain building and repair loans through the U.S. Department

of Housing and Urban Development (HUD) and the Small Business Administration (SBA).

As the community of Moore moves forward with its recovery efforts, Veri said one of the biggest lessons learned is “that the quicker a community can get its rebuilding plan into place the better.”

To learn more about disaster relief programs available to homeowners, go to: www.disasterassistance.gov and <https://disasterloan.sba.gov/ela>.

Q&A: Dennis Colsden

Dennis Colsden is Regional Emergency Management Coordinator for North Central Kansas. In this role he supervises six other regional coordinators and oversees training in disaster planning for first responders, including public and private community organizations. Mr. Colsden began his career in public safety as a professional firefighter and emergency medical technician. He also worked as a planner for potential disasters at nuclear power plants before coming to Kansas from Nebraska in 2004 to work for the Kansas Division of Emergency Management.

Community Connections periodically features regional leaders committed to community and economic development, which can include efforts to preserve and restore distressed communities

WHAT IS CRISIS CITY?

Crisis City was built in Lindsborg, Kan., in 2007 in response to initiatives by former Gov. Kathleen Sebelius and former Adjutant General Tod Bunting to enhance the state's ability to respond to disasters, including terrorism. The 44-acre complex is a multidisciplinary, state-of-the-art facility designed to train first responders, including police, firefighters, medical teams, emergency management organizations, the Kansas National Guard and public and private organizations. It serves local, state and federal responders. Funding comes from private and public partnerships, grant funds, state funds and user fees.

WHAT IS THE MISSION OF CRISIS CITY?

Our mission is to provide world-class training that covers a broad spectrum of disasters. We can simulate the aftermath of major accidents and disasters, including rescuing trapped survivors from collapsed or unstable buildings after a tornado or an explosion. We can simulate accidents involving trains and trucks that are hauling hazardous chemicals, which can result in mass casualties. We also can provide training in response to aircraft disasters and high-rise rescues, and train law enforcement in scenarios involving hostages or multiple victims and active shooters. The possibilities are nearly endless.

HOW CAN COMMUNITY LEADERS BENEFIT FROM DISASTER PLANNING?

Advanced planning can save lives, reduce damage and expedite the recovery process. Planning identifies roles and responsibilities and reduces duplication of efforts and gaps in response efforts. Knowledgeable leaders



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can assist their communities to recover more quickly. Helping to get residents back into homes and jobs, and reopening businesses lessens the damage to the overall economy and restores productivity.

WHAT ARE KEY STEPS COMMUNITIES CAN TAKE TO PREPARE FOR DISASTERS?

Communities should plan together beforehand. Get to know and understand your partners and how you can work together, instead of against one another. Build relationships and understanding of your partners' needs, and what they can do for you as well as what you can do for them. We also conduct training events that allow volunteer organizations, such as Community Emergency Response Teams (CERT), the Red Cross and the Salvation Army to participate with first responders, so that when disasters happen, they can work together more efficiently.

WHAT ARE SOME OF THE KEY COMPONENTS OF A POST-DISASTER PLAN?

Establish leadership. Plans are worthless if they aren't implemented. Having leadership that follows a pre-established plan will improve accountability and speed recovery. A plan should set objectives early that prioritize life, safety, critical infrastructure and environmental and economic needs. For example, these objectives would include a plan to restore power, ensure that critical services, such as police, fire and rescue efforts, are in place and provide for water and sewage needs.

UPCOMING EVENTS AUGUST 2013

- *August 13-14:* Colorado Conference on Poverty, Grand Junction, CO.
Contact: Steve.Shepelwich@kc.frb.org
- *August 15:* Investment Connection, Wichita, KS.
Contact: Paul.Wenske@kc.frb.org
- *August 20:* Colorado CDFI Working Group, Denver, CO.
Contact: Ariel.Cisneros@kc.frb.org
- *August 27-29:* Kansas Housing Conference, Lawrence, KS.
Contact: Paul.Wenske@kc.frb.org

SEPTEMBER 2013

- *September 4:* Southern Colorado Development Conference: Buena Vista, CO.
Contact: Ariel.Cisneros@kc.frb.org
- *September 17:* Regional Community Development Forum, Denver, CO; Kansas City, MO; Oklahoma City, OK; and Omaha, NE.
Contact: Ariel.Cisneros@kc.frb.org
- *September 20:* African American Leadership Forum, Omaha, NE.
Contact: Dell.Gines@kc.frb.org
- *September 21:* Moneywise, Kansas City, MO.
Contact: Paul.Wenske@kc.frb.org

OCTOBER 2013

- *October 8-9:* Housing Colorado, Vail, CO.
Contact: Ariel.Cisneros@kc.frb.org
- *October 23:* Colorado Interagency CRA Roundtable, Denver, CO.
Contact: Ariel.Cisneros@kc.frb.org
- *October 25:* Third Quarter LMI Survey, Kansas City, MO.
Contact: Kelly.Edmiston@kc.frb.org

Colorado Fund Aids Small Businesses Affected by Fires

By Ariel Cisneros, Senior Community Development Advisor

The Colorado Enterprise Fund (CEF), a statewide Community Development Financial Institution (CDFI), is helping small businesses affected by wild fires that have caused millions of dollars in damage in Colorado.

The Enterprise Fund has developed a small business loan fund, called the Fire Impact Recovery Effort (FIRE) Loan Fund.

The loan fund is structured to provide short term loans of up to \$10,000, with terms that offer a 12-month payment deferral, as well as the elimination of loan fees.

Alan Ramirez, assistant director of lending for the Enterprise fund, said the loan fund is designed to provide needed financial aid while allowing businesses a 12-month window to make it through another business cycle.

The loan fund is underwritten by local financial institutions in the geographic areas affected by the fires.

The fund is an example of CDFIs acting as intermediaries in providing loans to small businesses. More information about CDFIs is available from the Kansas City Fed's Community Development Investment Resource Guide (CDIRG).

To access the guide, go to www.kansascityfed.org/community/cdi/cdirg.cfm.

FIVE TIPS FOR DEVELOPING A DISASTER PLAN:

- Think health and safety first.
- Create an inventory of possessions and important documents, supported with photographs.
- Review insurance policies and contact your insurance agent to discuss coverage options.
- After a disaster secure property from further damage or theft.
- Inventory losses and photograph any damage to provide to your insurance adjustor.

Source: Property Casualty Insurers Association of America and other sources.

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