

DISASTER RECOVERY

Adjusters International Disaster Recovery Consulting — FEMA recovery issues for decision-makers and leaders

TODAY

Lack of Teamwork Could Be the Real Disaster



EDITOR'S NOTE

Welcome to Disaster Recovery Today. This newsletter is designed to help governmental and not-for-profit organizations stay current with rapidly changing FEMA policies and regulations governing the Public Assistance Program; and to help manage the response following a disaster.

This issue is the first in a series which will present guidelines for proactively and effectively managing federal disaster grants by outlining nine key steps to a successful recovery. This first article begins with the cornerstone of disaster management — disaster planning. Subsequent issues will detail the eight other crucial steps following a disaster, outlined on page 7.

We hope you find this reading interesting and stimulating. Please contact us with any comments or suggestions for future issues.

—Sheila E. Salvatore, Editor

Tornado - Hurricane - Flood

By Jeff Shaw

Would you know exactly what to do if a tornado, hurricane or flood struck tomorrow, and would your organization ultimately survive if one did? In addition to the loss of infrastructure and equipment, you must also deal with out-of-work staff, strained resources and an attack on financial reserves; all of which can destroy the future of your organization.

Even if your organization avoids direct damage from a

disaster, operations will likely be interrupted by damages to power supplies, road systems, water resources and civil enforcement measures such as limited access and curfews.

A common denominator with those agencies that have difficulty with their recovery is the absence of progressive mitigation strategies, a detailed recovery plan and a team to implement both. Something as simple as the



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purchase of generators prior to an event could be the difference between recovery and demise, as the likelihood of obtaining one after a large-scale disaster is slim.

Before an organization can develop the necessary organizational strategies, it must first be determined who will be involved in the process. When making this determination, it is important to realize that the people who develop these procedures will ultimately take a hands-on role in their implementation.

The development of a dedicated “disaster team” is the first step in the planning process and the foundation of a successful recovery. At a minimum the team should include the following ¹:

Recovery Manager

The recovery manager fulfills an important administrative role. Ultimately this person will make the final decision regarding strategies, priorities and settlements. The role of recovery manager can be a “titular” one, or it can be an active one. For the manager who chooses to take an active, informed role in the planning and recovery processes, possession of the following attributes is necessary:

- ▶ Knowledge of federal and state relief programs
- ▶ Knowledge of applicable codes, policies and regulations
- ▶ Knowledge of the organization’s overall financial situation before an event and during the recovery

- ▶ Authority to implement plans and direct the overall recovery efforts
- ▶ Good negotiation and communications skills
- ▶ Good program management skills

The responsibilities of the recovery manager are to:

- ▶ Act as the formal point of contact with assisting agencies
- ▶ Ensure that other team members are given the authority and resources necessary to complete their responsibilities
- ▶ Enforce internal coordination procedures
- ▶ Take the lead in policy level discussions
- ▶ Chair internal disaster planning and recovery meetings

¹ If an organization does not have personnel on staff to fill these positions, it may be necessary to use outside consultants and/or professionals.



- ▶ Resolve internal disputes
- ▶ Manage the overall planning and recovery processes

Recovery Coordinator

The recovery coordinator will be involved in the day-to-day, hands-on management and coordination activities. This person is necessary even in a case where the recovery manager takes a hands-on role. Ideally this person will be provided with an administrative assistant and will assume the following responsibilities:

- ▶ Coordinate and compile damage assessment information
- ▶ Stay informed of decisions and agreements reached with insurers and other assisting agencies
- ▶ Schedule meetings and inspections
- ▶ Ensure senior management stays informed of the recovery process
- ▶ Test organizational concurrence with documentation procedures and mitigation strategies
- ▶ Circulate notes to team members promptly after meetings
- ▶ Circulate new or clarifying information to team members
- ▶ Work with risk management to insure sites as appropriate

Department Representatives

In addition to the recovery manager and coordinator, representatives from the following departments or sub-units should be assigned to the recovery team. These representatives should direct activities internal to their department, and will be responsible for overseeing the recovery efforts undertaken within their department. The responsibilities according to

their respective departments are summarized below:

▶ **Central Finance/Accounting**

- Develop and maintain a recovery database
- Develop fund accounting approach; communicate to other team members
- Determine the need for advances
- Enforce financial management procedures

▶ **Legal**

- Advise in matters concerning:
 - Employee relations
 - Insurance coverage
 - Policy revisions
 - Contentious issues

▶ **Purchasing**

- Develop list of preferred contractors and vendors
- When possible, develop renewable task-order contracts prior to a disaster to ensure your organization has the necessary outside

resources immediately available

- Monitor contractor performance

▶ **Risk Management**

- Acquire necessary insurance
- Coordinate with team members concerning insured losses
- Present settlement offers to team for discussion
- Forward all settlement information to finance/accounting

▶ **Technical Leads**

- Information Technology
- Engineering
- Design
- Project Managers
 - Interact with recovery coordinator
 - Interact with finance/accounting to making tracking approach workable
 - Inform project managers of local, state





and federal codes that may affect the repair process

- Develop cost estimates and scopes
- Document activities when performing the repair (clear, descriptive date-stamped photos; narrative regarding the specific repair, labor, material and equipment records)
- Write descriptions of damages and justify repair solutions
- Justify that the existing damage is directly attributed to the disaster

- Manage contractors and consultants
- Provide project status reports as requested

After a team is developed, the next step is to understand what is “at risk,” and to determine methods to minimize that risk.

1. The first step in this four-part process is to determine what your risk exposure is. What would threaten the survivability of your organization if a disaster occurred? In essence, you should attempt to quantify a loss before it happens by determining insurable values on your assets

including buildings, inventory, stock and income. Once a value is determined it must then be measured against other factors such as seasonal influence, and the type and projected frequency of an event.

2. Next is the development of loss control measures and mitigation strategies to reduce the frequency and severity of losses. This can range from preventative maintenance on essential equipment to off-site back up of vital information.
3. Once exposures are determined, organizations need to develop methods to transfer the risk





(financial burden) so they can continue to operate, and minimize the financial strain.

4. An organization must continually monitor their risk and update control measures and risk transfer methods accordingly.

It is important to keep in mind that the assessment of risk is largely based on the assumptions of the parties involved. With this in mind, it is imperative that the planning team be supplemented with members involved in the development of the organization as they have a unique, and often times very succinct, view of what is at risk.

Once it is determined what could happen, and methods are determined to meet the challenge when it occurs, the next step is to ensure that the recovery team is prepared to spring into action. Initially, the first obstacle to success may be communication. During the first few days following a disaster, the situation is chaotic at best, and while it may appear that there is no time for the team to meet, nothing could be further from the truth. The decisions made during the first few days following the event will shape the eventual outcome.

Do we repair or replace? Do we send our computers out for data retrieval or purchase new? The recovery team, ensuring that all angles have been explored should make these and many other decisions.

The disaster team needs to communicate routinely to ensure that the recovery process is



coordinated and that all team members are apprised, in a timely way, of information that could affect their portion. The contact point for team coordination is the recovery coordinator. He or she is responsible for circulating information to the appropriate team members and for calling meetings and setting agendas. During the first few months of the recovery process, it will be necessary for the team to meet at least every two weeks, with frequency falling to once a month after that.

A sample agenda for a typical recovery team status meeting is:

- I. Introduce new attendees (Coordinator)
- II. Review day's agenda (Coordinator)
- III. Review new determinations (made by insurer, or other assistance providing agencies), policies, memorandums, etc. (Coordinator)
- IV. Present status reports: Actions from last meeting (All)
- V. Capture new issues (All)



- VI. Discuss on-going issues and new issues captured under IV above (All)
- VII. Additional topics added during discussion (All)
- VIII. Review action items (All)
- IX. Adjourn

Policy decisions and important information discussed at the meetings should always be

documented and meeting minutes circulated as soon as possible after these meetings.

Once an organization becomes familiar with the dynamics of their internal disaster team and feels comfortable with it's overall capability, consideration should be given to the inclusion of outside members such as consultants, strategic partners, and preferred vendors.

A disaster is the culmination of many different components, all necessary to achieve the end result. A successful recovery hinges on the same premise, and needs each member of the disaster team, equally, to become a reality.

Team•work: Cooperative effort by the members of a group or team to achieve a common goal.





DISASTER PLANNING

The 9 Steps

Following a declared disaster, organizations need to implement a well thought out recovery approach.

Adjusters International has identified nine key steps to a successful recovery under FEMA's Public Assistance Program.

Step One:

The first step after a declared disaster is to develop a management approach. An “ad-hoc” recovery team needs to be created, roles and responsibilities delineated, and a well-organized filing approach must be established to handle the many projects.

Step Two:

Determine your losses beginning with your cleanup and emergency response. Then building, equipment and supplies losses must be quantified “as it was” and “as it has to be.” Lost revenues and temporary relocation costs need to be calculated as well.

Step Three:

Categorize the losses: FEMA categories A-G, insured/uninsured, responsibility of OFA, and special considerations.

Step Four:

Determine eligibility. General eligibility requirements include the following: it needs to be required as the result of the event; it must be caused by the event (no pre-existing damage); it must be located within the designated disaster area; and it must be the legal responsibility of an eligible applicant.

Step Five:

Develop a rebuilding plan. The applicant needs to consider the recovery “as they want it to be” considering whether to replace or relocate certain buildings, fixtures or infrastructure. The mitigation approach is outlined in Section 406 and Section 404 of The Stafford Act. Categorization of anticipated insurance proceeds also needs to be well documented.

Step Six:

Develop a funding approach. These can be broken down into the following: Standard Project, Alternate Project, Improved Project or in special circumstances the Grant Acceleration Program.

Step Seven:

Implement the plan. Implementation involves the development of applicable project worksheets and proposals and the completion of approved projects.

Step Eight:

Final inspection and close out. This includes the state audit of all large projects, dispute resolution, re-evaluation of applicable insurance reductions and the acquisition and maintenance of adequate insurance if reasonable and practical.

Step Nine:

The audit process. FEMA's Office of the Inspector General often selects sub-grantees for program and financial audits. This can occur any time throughout the process; up to three years from the completion of all projects.



FEMA Facts

FEMA Broadens Breadth of PNP Eligibility

Based on needs determined from recent disaster events, FEMA has recognized the need to broaden the scope of PNP eligibility. Many organizations which have historically been denied eligibility are now able to seek assistance; while a few types who were once eligible are no longer. The changes, which occurred May 23, 2003, are retroactive to January 20, 2001.

For more information please visit www.fema.gov/government/grant/pa/9521_3.shtm

EGov presents Disasterhelp.com

The President's Egov initiative presents an excellent source of information that can be tailored to an individual's needs and geographic location. This is a fantastic source for planners, EM professionals or anyone with interests in disaster prevention/recovery.

For more information please visit www.disasterhelp.gov/start.shtm

FEMA reverses previous position on the State use of Contractors for Administrative Functions

While this change has been around

for some time (2001), many agencies are not yet aware. In the past such contract employees were treated as State employees, thus overtime, per diem, and travel were not eligible.

For more information please visit www.fema.gov/government/grant/pa/9525_11.shtm

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