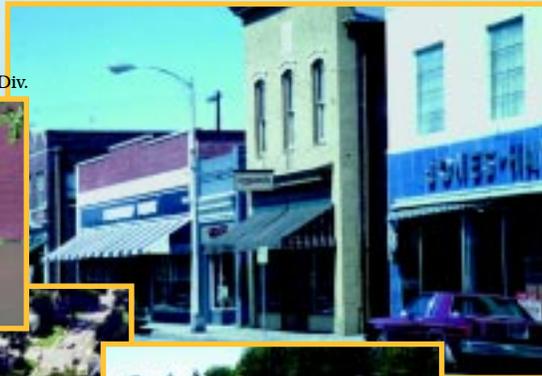


Kathy Frazier, Frazier Associates

CAPT A.A. Puryear, 29th Infantry Div.



Liz Roll, FEMA

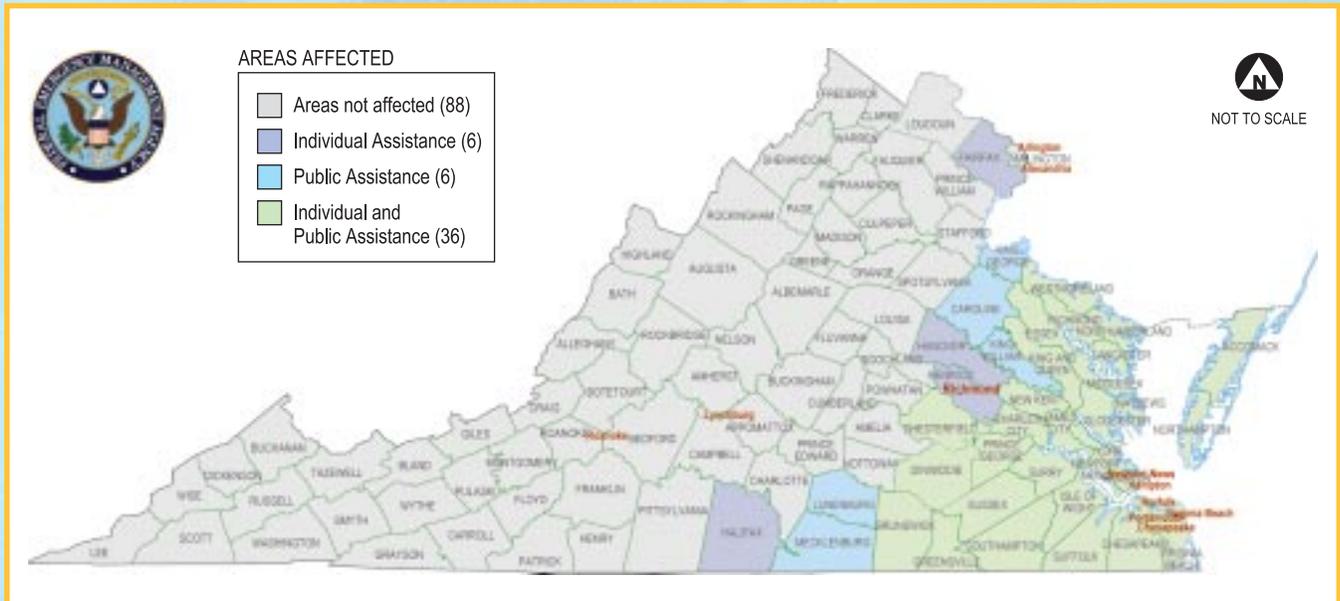
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# Section 7

## 1.1 Overview

In mid-September 1999, Hurricane Floyd passed through southeastern Virginia causing severe inland flooding. President Clinton immediately issued an emergency declaration for the Commonwealth of Virginia and subsequent major disaster declarations for 43 impacted local jurisdictions (See Figure 1.1). A total of 8,939 residences, businesses,

**Figure 1.1 Map of declared cities and counties in Virginia as of 10/12/99**



Source: FEMA DFO GIS

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and public facilities were either destroyed (472), significantly damaged (2,413), or suffered impacts (6,054). The City of Franklin, Virginia and the adjacent Counties of Isle of Wight and Southampton, were especially hard hit by flooding associated with the Nottoway and Blackwater Rivers and therefore, because of the losses to business and agriculture, these communities became the focus of the detailed analysis and recommendations of this report.

To assist the Commonwealth of Virginia and these affected communities in their recovery, the Federal Emergency Management Agency (FEMA) requested that the Economic Development Administration (EDA) of the U.S. Department of Commerce undertake a rapid assessment of the economic impacts on agriculture and businesses from Hurricane Floyd. In general terms, the intent was to provide data and recommendations early enough to influence initial recovery decision-making as well as contribute to long-range mitigation initiatives and strategic planning.

More specifically, the primary purpose of this economic impact assessment was twofold:

- Accelerate business recovery.
- Support creation of sustainable business enterprises and disaster resistant jobs.

To accomplish this economic assessment, a team was assembled consisting of representatives from EDA and FEMA, with assistance from the Hampton University Business Assistance Center, the Hampton Roads Planning District Commission, the Franklin-Southampton Economic Development Commission and URS Greiner Woodward Clyde, working from the FEMA Disaster Field Office in Newport News, Virginia.

## 1.2 Conclusions

### **Business**

The local economy associated with the City of Franklin, Isle of Wight and Southampton Counties Study Area is relatively small when compared to economic activity across the entire Commonwealth of Virginia. Therefore, only negligible direct short- or long-term impacts on employment, wages, or industrial output due to damages caused by floodwaters should be expected from a statewide perspective.

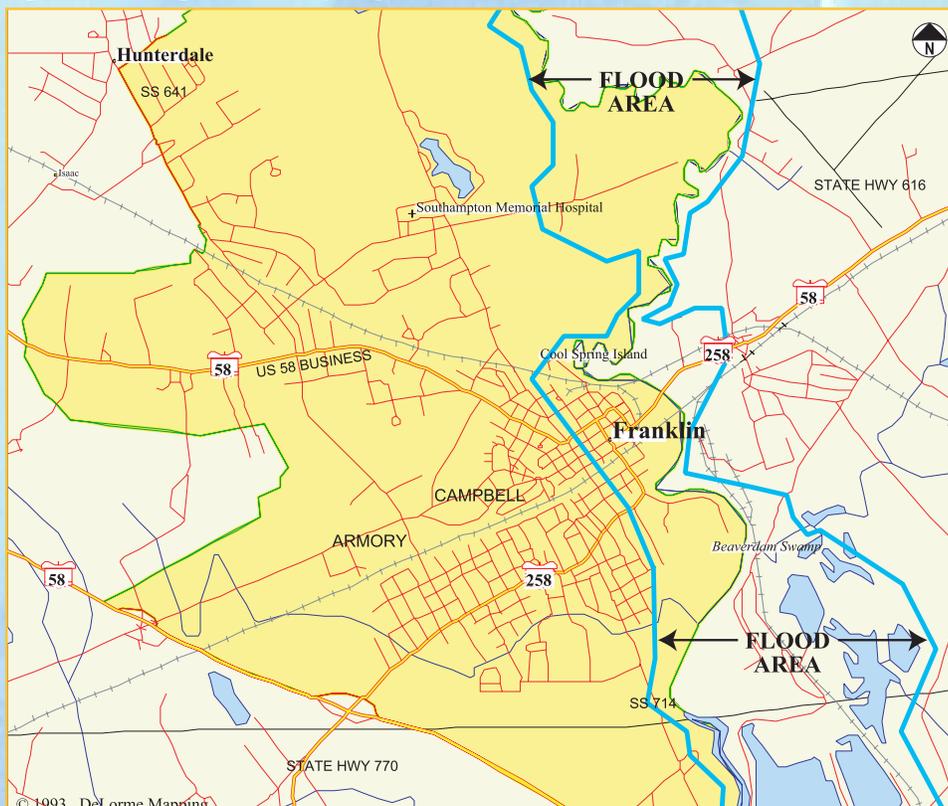
However, within the Study Area, 206 businesses were impacted by flooding with initial damage estimates of \$35 million. Many of the businesses were located outside the Special Flood Hazard Area where mandatory flood insurance purchase requirements are not in effect; therefore, the level of flood insurance coverage was low.

Of these 206 business establishments, 182 were concentrated within the downtown business district of the City of Franklin (See Figure 1.2). In addition, critical facilities such as City Hall, police and fire stations, and the wastewater treatment plant experienced major damage.

Disruption of business operations in downtown Franklin during recovery is expected to cause \$13.1 million in lost business revenue. As a result, the study team projects that the City of Franklin will lose \$1.9 million in tax revenues alone.

While retail trade and services are important components of the regional economy, the manufacturing sector dominates the Study Area in terms of employment and gross earnings, with one company, International Paper, the largest employer and taxpayer in the region. While International Paper and other major manufacturing businesses

**Figure 1.2 City of Franklin, Virginia**



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have resumed business operations to varying degrees, the results of this assessment identifies the precarious dependence of the regional economy on the sustained well-being of its few large businesses.

### **Agriculture**

Direct crop losses have been estimated at \$17 million by local extension agents in the two counties within the Study Area. A potential side effect of the flooding is a delay in the harvest of peanuts, cotton, corn, and soybeans until later than normal in the year. However, in the words of one of these agricultural specialists: “We were going into this harvest season with a potential bumper crop. ... Nothing can be done about past damage but with good timely management decisions, a quality crop can be harvested.” If weather conditions allow and farmers continue diligent efforts to harvest their crops, the net effect of the flood will be to push actual yields back down toward average annual crop yield levels.

### **1.3 Recommendations for Economic Recovery and Sustainability**

This study includes a wide range of recommendations for the local communities, the Commonwealth of Virginia, and the Federal government to pursue. Of these, the following are considered as fundamental steps in fulfilling the stated purpose of this study to speed the recovery of sustainable business enterprises:

1. **Initiate a long-range strategic planning process.** Important elements of the resulting strategic plan should include relocation of critical facilities, vulnerable structures, and hazardous storage sites out of the floodplain. To the extent these actions can be accomplished in conjunction with the rebuilding process, the community can recover and grow in a more disaster-resistant, livable, and sustainable manner. These “guiding principles” are based on an understanding of what has been successful for other communities under similar situations and should help guide short- and long-term recovery effort decision making by the Commonwealth and the local communities.
2. **Integrate mitigation concepts within short- and long-term economic recovery planning.** It is critical for the local government to connect its recovery operations with disaster mitigation concepts to help businesses recover and encourage new business development in ways that make them more disaster-resistant and less vulnerable to real property damage. The City of Franklin should begin immediately to integrate

mitigation concepts into economic recovery operations and planning efforts. This can be realized through a wide range of activities, including elevating substantial business assets such as furnaces and electrical boxes above flood elevations; using materials and building practices that are more flood-resistant; or simply selecting safe locations for storing business records. These efforts should always be coordinated with the pursuit of opportunities for increasing diversity and sustainability in the business community.

3. **Prioritize community resources.** The City of Franklin should give first priority to mitigation planning and implementation initiatives targeted to its downtown business district, and intended to protect International Paper operations located adjacent to the downtown. For example, the local jurisdictions should repair and replace public infrastructure essential to business operations, in particular the City of Franklin wastewater treatment facility, in a manner that is both sustainable and flood-resistant
4. **Facilitate business recovery.** The City of Franklin should maintain frequent interactions with the downtown business community and focus the energy of the group on specific issues such as identifying key elements of the downtown that will regenerate “foot traffic” during and immediately after recovery efforts. As part of this effort, the City of Franklin should designate a single point of contact responsible for assisting the business community with economic recovery activities to help focus agency efforts and connect business owners with the resources they need in the most efficient manner. The U.S. Department of Agriculture and EDA should reduce or waive matching funds requirements consistent with existing statutes and regulations for City of Franklin economic adjustment grants employing mitigation techniques.
5. **Increase flood risk awareness and facilitate the purchase of sufficient flood insurance.** The City of Franklin should request that FEMA, in concert with local private sector insurers, arrange to present a series of symposia on the need for flood insurance coverage and the benefits to communities. After mitigation to prevent damage, insurance is the most important line of defense for businesses. Sustainability can only be reached with an aggressive approach to greater participation in the National Flood Insurance Program (NFIP). The City of Franklin should tie incentive programs for business recovery to securing and maintaining adequate flood insurance policies. In addition, the City of Franklin should increase the availability of revised Flood Insurance Rate Maps to the general public and the business community.
6. **Support replacement business development.** The Commonwealth of Virginia should assist with the financing of a

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small business incubator facility to be located within the downtown business district to help replacement businesses get established as quickly as possible.

Additional recommendations that include important follow-up efforts to the planning activities listed above that are also valid considerations for the Study Area communities as well as any community at risk for similar disasters include:

7. **Develop and strengthen post-disaster recovery partnerships:** The City of Franklin and the adjacent communities, together with the Commonwealth of Virginia, have a unique opportunity to capitalize on the momentum and resources that have come together in the post-flood community, to build back smarter and stronger and provide comprehensive support for restoring and retaining business activity.
8. **Review building codes and enforcement mechanisms** to ensure they are up to date and serving to rebuild a stronger and more disaster-resistant community. Future losses can be significantly reduced by simply applying and enforcing existing codes and ordinances.
9. **To the extent possible, relocate critical facilities outside the floodplain** or, where this is not feasible, protect them from flooding through approved structural measures. Critical facilities are vital to providing community services and include hospitals, major roadways; water supply, and waste treatment plants; police and fire stations, electrical generation facilities, emergency operations and response centers; and emergency shelters and evacuation routes. In the case of this particular Study Area, the definition of critical facilities should also include the major employers that are the mainstay of the local economy.
10. **Unsafe land use activities should be relocated and prohibited from high hazard floodplains** to reduce pollution of floodwaters by hazardous materials. Unsafe land uses include structures or facilities that produce, use, or store highly volatile, flammable, explosive, toxic, and/or water-reactive materials that can cause great environmental damage.
11. **Buyout and relocation of vulnerable businesses from floodplains should be undertaken.** Structures located in the most hazardous flood zones, especially structures that have been repetitively damaged, should be given first priority for buyout. A buyout program should acquire all adjacent structures to prevent some structures remaining in unsafe locations. Relocation plans should be designed to provide a supply of housing and businesses in safe locations adequate to meet the needs of relocated households and communities.
12. **Diversify the economic base of the community.** Efforts to diversify the local economy should be continued and integrated

with local, regional, and statewide strategic planning for economic development to reduce the vulnerability of the local economy to disruption of the operations of a few large employers

13. **Plan ahead for future disasters.** As part of the long-term recovery planning activities, the Commonwealth of Virginia should consider designation of the City of Franklin as a “Project Impact” community. This takes full advantage of the current momentum and provides a mechanism for future action designed to provide for a more disaster-resistant community.

Section Two of this report outlines the approach and methodology used to develop the data and recommendations. Sections Three and Four explain the important aspects of the pre- and post-disaster economies of the Commonwealth and the Study Area respectively. Section Five details the relevant conclusions and the full range of recommendations for the Study Area.

