Small Business Disaster Support

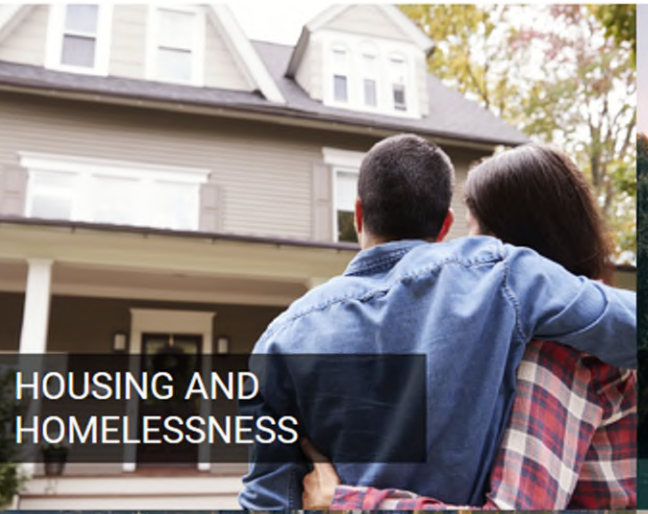
Keith A. Swenson

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12/24

Washington State Department of Commerce

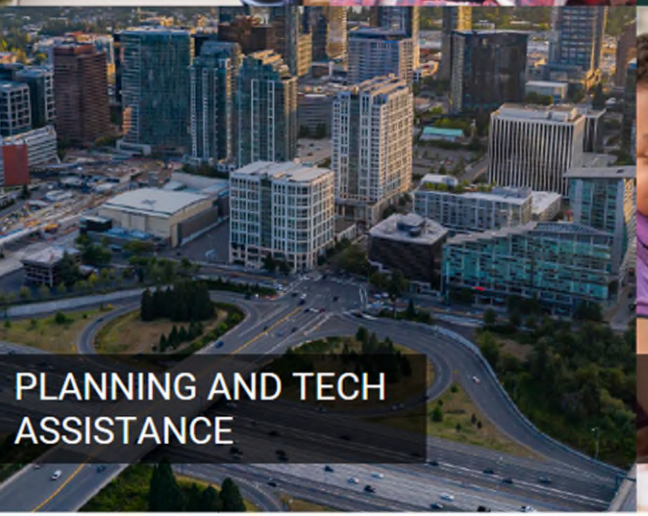
We strengthen communities

















A disaster isn't a matter of if, but when …



Bellingham Flooding



Bolt Creek Fire



Sumner Arson



Maltby Fire

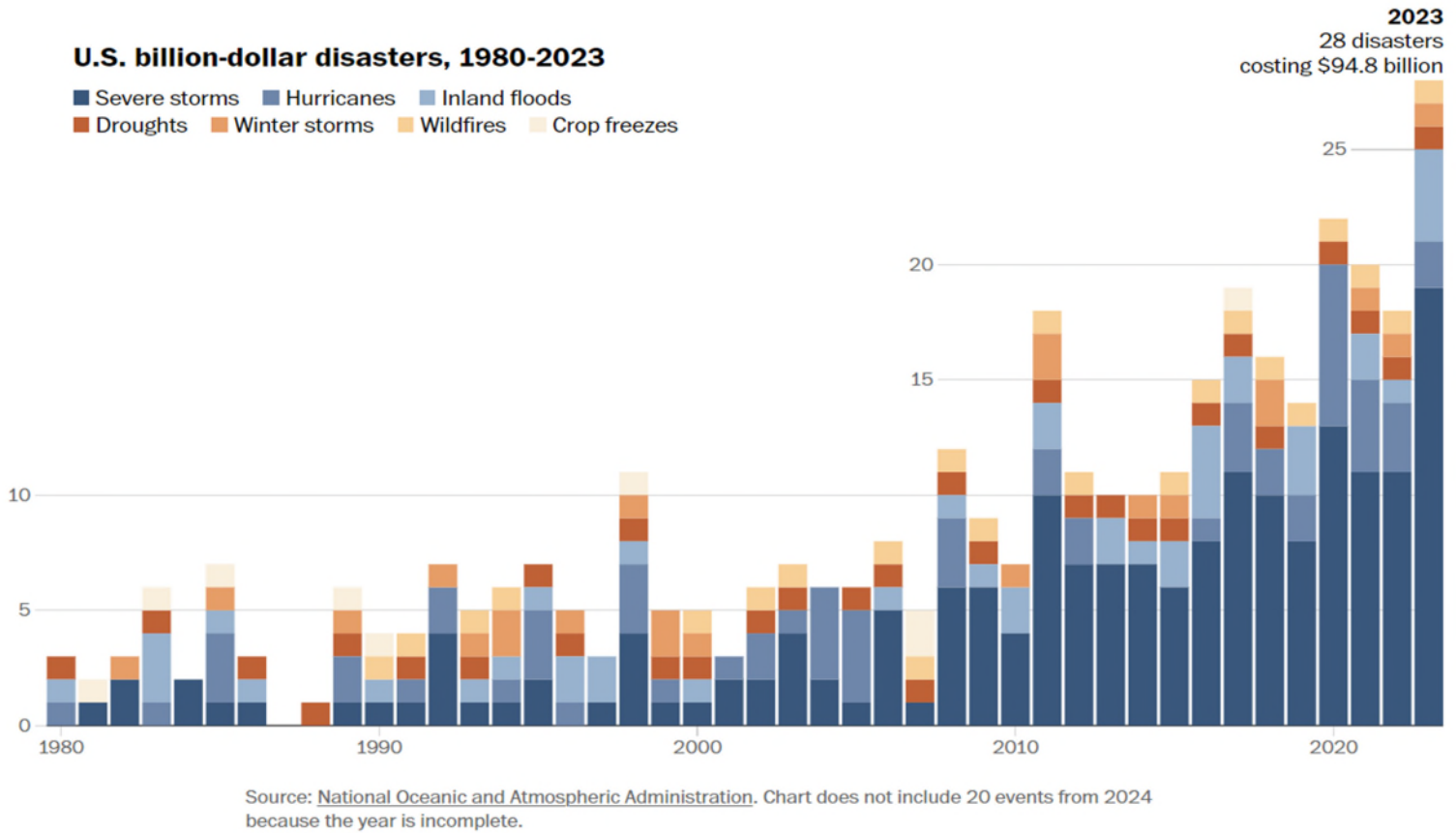


Port Orchard King Tides

The cost of disaster recovery is increasing

Preliminary estimate of bomb cyclone damage (November 20204) to Snohomish County is already more than $20 million.

- The Everett Herald



Federal support never guaranteed

- The federal administration in 2020 tabled a $37 million disaster aid request for the Malden wildfires in a tiff between the governor and president.
  - This was the first time a FEMA request was not approved in 1,000 requests dating back to 2007.
    Average request response: 17 days
  - This request: 141 days
  - Biden approved a $45 million request within two weeks of taking office
- Response time of next administration is unknown.

Why assistance is necessary

According to the Federal Emergency Management Agency:

- 40% of small and mid-sized businesses never reopen after a natural disaster
- 25% of those that reopen fail within a year

Two-thirds of businesses impacted by a fire, flood, hurricane, tornado or earthquake don't recover 12 months later.

Lost jobs ⟷ *Lost revenue*

Why assistance is necessary

- 30% of small businesses are uninsured and 75% are underinsured
- Business insurance policies can have claim and lifetime caps
- Many businesses can’t secure SBA or bank loans as they are at their borrowing limits from the pandemic
- Without additional coverage, insurance does not cover acts of God, floods, cybercrime, computer fraud, exterior signage, furnishings or barriers, or losses in transit (event staging, for example)
- Historically underserved communities often lack the financial reserves necessary to restart/recover

Small Business Disaster Grant Program

- $20 million provided by state Legislature in 2022-23 provided grants to small businesses that sustained physical damage or economic loss due to a natural or other comparable disaster.
  - $10 million for NW Washington floods
  - $10 million for statewide relief
- Applicants received additional points if they:
  - Operated in a low-income census tract
  - Owned the property
  - Lacked event coverage or access to financial assistance
  - Were essential businesses
  - Lost more than 50% of business income

Eligible uses

Funds were used to reimburse qualifying businesses for expenses not covered by other programs, insurance or other fund sources, including:

- Payroll
- Utilities
- Rent
- Marketing and advertising
- Building improvements or repairs
- Replacing damaged inventory and equipment

Eligible disasters included …

- DR-4355: Flooding & Mudslides — Nov 13-15, 2021
- DR-4635: Flooding & Mudslides — Nov. 13-Dec. 2, 2021
- DR-4650: Winter storms, snowstorms, straight-line winds, flooding — Dec 26, 2021-Jan 15, 2022
- FM-5447: Lind Fire — Aug 4, 2022+
- FM-5455: Bolt Creek Fire — Sept. 10, 2022+
- FM-5456: Nakia Creek Fire — Oct 9, 2022+
- DR-4682: Winter storms, snowstorms, straight-line winds, flooding — Nov 3-9, 2022
- Sumner Main Street Fire — Oct. 28, 2022

A permanent disaster fund could have helped small businesses affected by the Friday Harbor arson, Skagit River Bridge collapse, Oso slide, Malden fire and Ilwaco wharf fire.

Program Results — Distribution

Northwest Flood Allocation

Total: $7.4 million

Applications Received: 122

Businesses funded: 109

- Clallam: $535,000
- Skagit: $1,163,000
- Whatcom: $5,690,125
- Tribal: $265,000

Statewide Allocation

Total: $5.4 million

Applications Received: 292

Businesses funded: 107

- Benton, Franklin: $62,004
- Chelan: $82,326
- Clark/Klickitat: $250,185
- Cowlitz: $156,565
- Grays Harbor: $237,974
- Island: $135,557
- King: $511,040
- Lewis: $57,364
- Mason: $255,681
- Okanogan: $391,967
- Piece: $884,104
- Skagit: $619,472
- Snohomish: $279,911
- Spokane: $3,462
- Thurston: $306,178
- Wahkiakum: $56,645
- Whatcom: $668,109

Recipient feedback

"Thank you so much for letting me know; this truly could not come at a better time for the business as we are just leaning into short-term funding to get through this tight period of time."

Jacob Young, Old Schoolhouse Brewery, Winthrop

"Wow, thank you very much. This is going to help us out so much. We have been so worried about what we were going to do, and this is going to help us immensely. I appreciate this all so, so much."

Adrienne Jones, Seafood Connection, Westport

"Our family-owned farm has been located in the Nooksack basin for over a hundred years. The flood was devastating to our home and business. We are not located in a flood zone and have never experienced water at that height before. We had no insurance and little help recovering from such a devastating disaster. We appreciate and are very thankful for the NW Disaster Grant as we continue to recover."

Williams Farms, Nooksack

Recipient feedback

"This funding will allow my studio to survive! I am so encouraged to know that there are programs and people like you out there who are committed to investing in small businesses, and I am grateful for the trust and faith in my work that this grant money signifies."

Hadar Iron, InFerment, Seattle

"Not too many emails choke me up. This one makes a gratitude heart swell, causing the tears to flow. Thank you from my small business to all the parties that make this disaster aid possible."

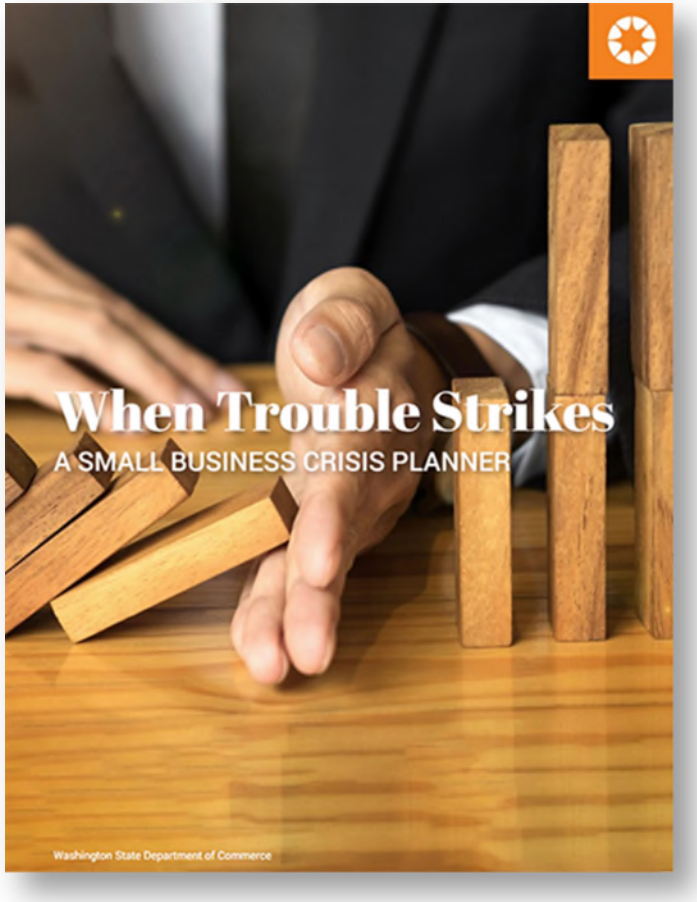
-Terry Gifford, Tea and Tour, Sedro-Woolley

"I am so grateful to have the support of the Department of Commerce as my business recovers from the impact of wildfires in and around our region. This grant will not only keep the lights on for my storefront studio, but ensure that I can pay subcontractors in full and on time as my public art projects progress."

Perry Howard, VMG Velocity Made Good, Twisp

Additional support

- Commerce developed an online and printed disaster planner to help small businesses identify, mitigate and recover from disasters.
- An EDA grant with $800,000 dedicated to develop a mobile app version of the planner that businesses nationwide can use to navigate disruptions, minimize losses and recover more quickly.
- The EDA grant is also funding the development of a Rapid Recovery Teams, which allows the state's Small Business Liaison Team to respond quickly to local business emergencies.



Thank you!

Washington State Department of Commerce

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