

# Lifting small businesses from the ashes...



Lessons Learned About Long-Term Recovery  
Challenges Facing Small Businesses in  
Southern California After the 2017 Thomas Fire



Institute for  
Sustainable Development

This report was made possible by a  
generous donation from Wells Fargo

**WELLS  
FARGO**

TABLE OF CONTENTS

EXECUTIVE SUMMARY ..... 2

I: INTRODUCTION BY GREGG SHERKIN ..... 3

II: BACKGROUND ..... 4

III: SMALL BUSINESS IMPACTS ..... 7

IV: ANALYSIS ..... 13

V: SOLUTIONS, TOOLS AND TACTICS ..... 15

VI: NEXT STEPS ..... 18

APPENDIX I ..... 19

ACKNOWLEDGEMENTS ..... 20

## EXECUTIVE SUMMARY

In the aftermath of the devastating Thomas Fire and debris flows that took place December 4, 2017 to January 12, 2018, the Ventura and Santa Barbara small business communities suffered from a variety of direct and indirect costs that affected their long-term recovery.

At the enterprise level, minority and small businesses suffered direct costs such as loss or damage of plant, property, and equipment, inventory losses and replacement, and indirect costs, such as lost productivity, lost customer traffic, and supply chain disruptions.

These losses were compounded by disruptions at the personal or individual level (loss of housing, disruptions due to evacuations, care for loved ones), infrastructure level, due to the severing of Route 101 due to debris flows, and community level, due to school closings, utility and infrastructure repairs.

While the fire and debris flows were the principal culprits for immediate problems, the disasters also exacerbated and under-scored pre-existing community challenges related to transportation, workforce and affordable housing, and economic patterns within the communities and across the region.

Businesses did not report many difficulties in re-opening their doors. Most reported that they were able to tap insurance and rainy day funds swiftly. The challenges that they reported included: (1) uncertainty about FEMA and Small Business Administration (SBA) public assistance guidelines and practices, (2) communication and information sharing across sectors, (3) financial concerns about increased debt, rent, and utility payments, (4) regaining customer traffic and enhancing the positive image of Ventura and Santa Barbara.

### **Recommended tools and resources that small businesses flagged as helpful in this response:**

1. Diffusion of early warning tools and communications
2. A small business recovery and resilience “Help Desk” or information service that would help businesses to navigate FEMA, SBA, state and local public resources, and private sector and philanthropic recovery and resilience support
3. A “Credit for Resilience” program such as that launched by Wells Fargo and WEV in October 2018 to provide short-term cash flow assistance
4. Fixed cost payment forbearance programs related to rent and utility payments
5. Resilience and financial management training and tools
6. Customer marketing reacquisition and community branding and destination support tools to encourage people to come back to the community.

## I. INTRODUCTION

Dear Readers,

Wells Fargo has been helping Californians succeed since we first opened for business in the state in 1852. Our pledge to make every community in which we live and do business better continues today—through our products and services, our culture and business practices, and our many forms of philanthropy. In 2018, we contributed more than \$19 million to communities in Los Angeles, Ventura, Santa Barbara and San Luis Obispo Counties—a region that includes approximately 11.7 million residents and 9,642 team members. Proudly, our team members volunteered more than 30,000 hours.

We believe that the long-term success and resiliency of our communities, and our business, depends on our ability to collaborate across the public and private sectors to help communities better prevent, prepare for, and respond to foreseeable and unforeseeable events—such as the December 2017 Thomas Wildfire and January 2018 Montecito debris flow. These back-to-back disasters wiped out whole neighborhoods and decimated small businesses in Ventura and Santa Barbara counties.

### Effective disaster response and tailored mobilization

When catastrophic events like the Thomas Fire and debris flow strike, we respond vigorously to help ensure the safety of our team members, keep our operations running, and help our customers and communities rebuild their homes, schools, and businesses. In crafting our relief and recovery action plan for the two counties, we realized we needed to go beyond short-term aid and we aimed to develop a long-term resiliency and capacity building strategy to help prevent or minimize future impacts of large-scale disruptors to the local economy, including earthquakes, storms and longer fire seasons. We were particularly conscious of how disasters deal harsher blows to low-and-moderate income families, and minority and disadvantaged businesses.

### Resiliency requires insight and preparedness

In 2018, we created a small business disaster recovery and resiliency program to help boost economic recovery for communities in Santa Barbara and Ventura counties impacted by the Thomas Wildfire and Montecito debris flow, as well as build capacity to prepare for, withstand, and more quickly recover from the impact of future disasters. Women's Economic Ventures (WEV) was the first Community Development Financial Institution (CDFI) we teamed up with to embark on this new and innovative program.

As you will see in this report, the program combines grant dollars with training, mentoring and coaching with small business resiliency experts. Sixty local small business were selected to participate in the program. After the program participants complete the required training, we will follow them for three years to see how they are faring—which will help us determine how better to implement the program in other communities impacted by natural disasters.



**GREGG SHERKIN**

SENIOR VICE  
PRESIDENT &  
SENIOR MANAGER

Corporate Philanthropy  
& Community Relations  
– Southern California

WELLS FARGO



This report reflects the hard work of the Wells Fargo team to fulfill our company's vision of helping customers succeed financially, while also being a leader in corporate citizenship and helping create more equitable, financially self-sufficient, and resilient communities.

Thank you to all of the team members and community partners that have been instrumental in helping our communities recover from these devastating disasters. And an extra special thank you to WEV, Santa Barbara Chamber of Commerce, Downtown Ventura Partners, and Institute for Sustainable Development for collaborating with us to implement our vision for long-term sustainability in Santa Barbara and Ventura counties.

## II. BACKGROUND



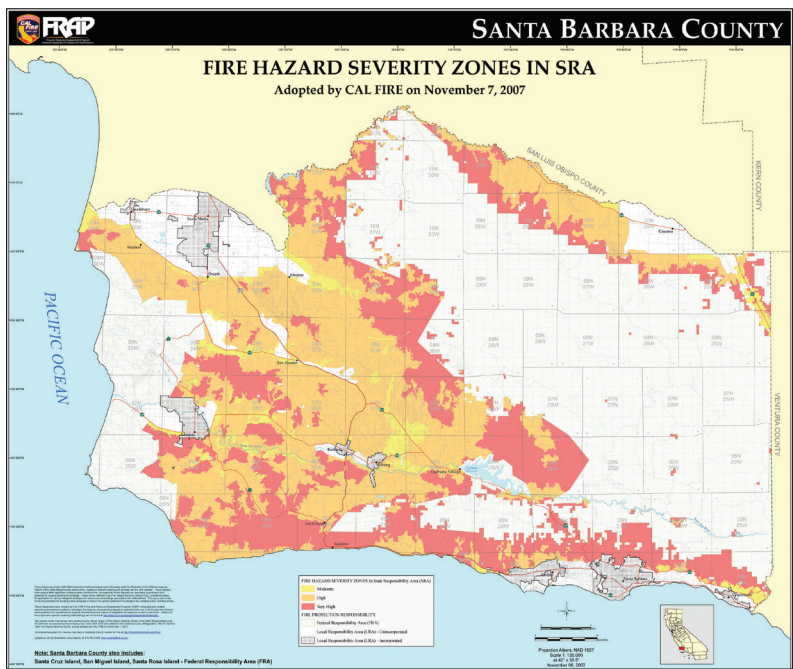
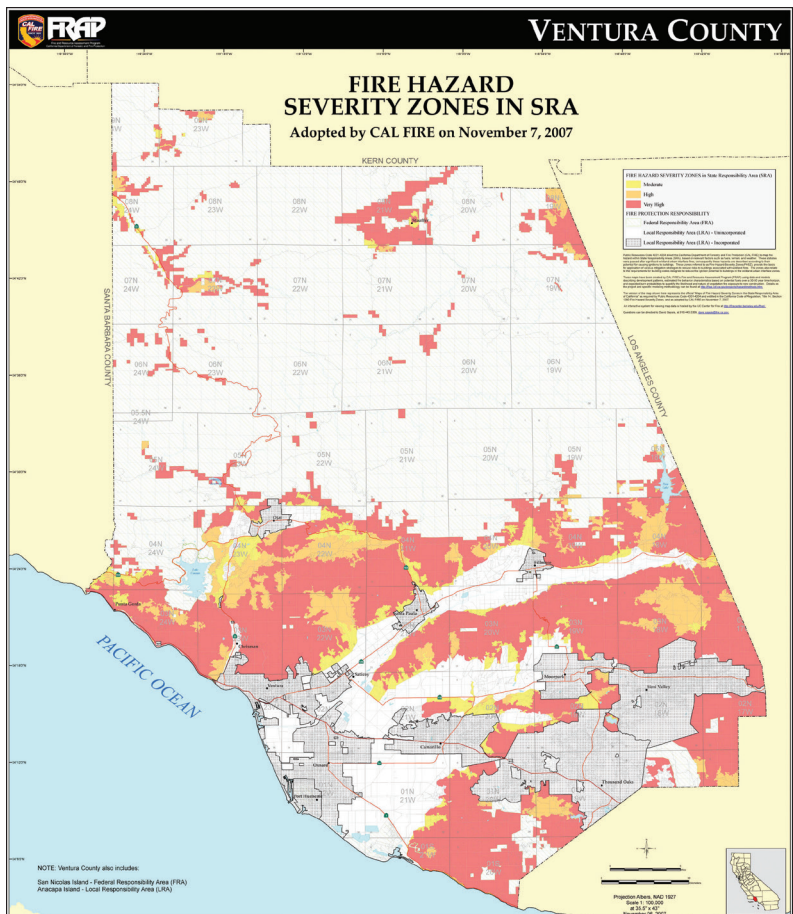
*The Thomas Fire; Source: CNN.com*

The 2017 fire season that affected the western United States was the worst one in modern history, only to be superseded by the events of 2018. It burnt 9.1. million acres across the United States, affecting most of the West Coast and Montana. About 28,000 personnel, 1,900 engines, 250 aircraft and 200 active-duty military personnel were deployed during the peak of the 2017 fire season.<sup>iii</sup>

Between December 4, 2017 and January 12, 2018, Ventura and Santa Barbara counties were hit with a one-two punch of 29 wildfires, including the Thomas Fire, the largest in California history, and massive debris flows caused by torrential rains. A third effect that many people reported was that the air quality was very poor for several weeks. Some 281,893 acres were burned in the Thomas Fire. Twenty-one people died and over 200 were injured. More than 100,000 people were evacuated from their homes, 65 were completely destroyed, and 1,903 homes and buildings were damaged.<sup>iv</sup>

The fires reduced vegetation that normally anchored soil on steep slopes. When heavy rains fell in mid-January this caused massive debris and mud flows early in the morning of January 9, particularly around Montecito, making the south-bound lane of Highway 101 impassible and isolating residents and commuters. In total, the disasters caused over \$3.4 billion in direct costs, while the indirect costs have yet to be fully captured.

As can be seen from the two maps produced by CAL Fire, the fires cut a swath across the southern half of Ventura County, and blazed along the coast of Santa Barbara, with additional fires bisecting the county and rimming its northern edge.





False color satellite image of the Thomas Fire's burn scar and active flames, on December 7

Celebrities like Oprah Winfrey and Ellen DeGeneres shared videos and stories about the mudslides that raised enormous sympathy, but also engraved images of the difficulties and hardships.<sup>v</sup>

The full effects of the disaster did not end on January 12 when the fires were finally fully contained. The indirect costs due to ongoing disruptions like repairs, customer attitude changes, and external perceptions have extended well beyond the physical containment of the fires.

Thomas Fire Stats

Cost	>\$2.2 billion (2018 USD)
Date(s)	December 4, 2017 – January 12, 2018
	6:26 p.m.–12:00 p.m. (PST)
Burned area	281,893 acres (440 sq mi; 114,078 ha)
Cause	Under investigation
Land use	Residential, business, oil wells, agriculture, wilderness
Buildings destroyed	1,063 buildings
Fatalities	1 firefighter, 1 civilian directly 21 civilians indirectly (mud/debris flows in 2018)
Non-fatal injuries	2 firefighters

Source: [https://en.wikipedia.org/wiki/Thomas\\_Fire](https://en.wikipedia.org/wiki/Thomas_Fire)



### III. SMALL BUSINESS IMPACTS

The challenges facing small businesses after a disaster can be broken down in a number of ways: geographically, chronologically, by industry segment, and within the community ecosystem.

#### Geographic Issues

The two counties experienced what several people described as three different significant events. Ventura County residents reported blazes sweeping through their neighborhoods with virtually no warning. In contrast, businesses in Santa Barbara reported that the city felt almost like a ghost town with the pall of smoke heavy in the air. Finally, rains in the early part of January led to debris flows that caused 21 deaths and 2 missing presumed dead, loss of power to 20,000 residents, and another round of evacuations for 21,000 people in and around the Montecito area.

#### Chronological Issues

The figure below summarizes the different stages that small businesses experienced immediately and afterwards as they work to recover from the December 4, 2017 to January 12, 2018 events.

##### ■ Pre-Disaster/Steady State

Before the Thomas Fire, small businesses seemed to have had an aspirational attitude about resilience measures. They wanted to make sure that their employees were safe and that they had instituted safety precautions such as investing in the appropriate insurance, but several people interviewed also said that they were confused about what they needed in terms of insurance, technology, and plant, property, and equipment protection.

#### Return to Normalcy

#### Long-Term Recovery

- Customer Reacquisition
- PP&E Upgrades
- Technology Upgrades
- Built Environment Changes

#### Stabilization

- Plant, Property & Equipment Replacement (PP&E)
- Inventory Replacement
- Personnel

#### Emergency Response

- Evacuations and Disruptions
- Employee Concerns
- Damage Assessments
- Insurance, Public Assistance
- Mental Health/Stress

#### Pre-Disaster Normalcy

- Lack of Information
- Financing for Resilience
- Confusing Insurance Requirements

Minority business owners said that they were also reluctant to give out information about their business, and their employees were equally reluctant to provide information about themselves.

Besides confusion and privacy concerns, small business owners also talked about opportunity costs. Because of the unpredictability of disasters, the priority given to them had to be weighed by other important investment choices, such as investing in new equipment, adding payroll, or changing inventory.

A fourth, related concern was about financial asset management. Several small business owners said that they were concerned about their debt and financing profiles. Many small business owners said they were concerned about being financially over-extended, and that their business financial challenges were also affecting their personal finances.

#### ■ Emergency Operations

During the critical days of the emergency, several people raised the issue regarding the confusion related to information access. The majority of people we interviewed reported that the best source of information was not from public sources, but from their neighbors, friends, and family. Social networks were a powerful driver for keeping people informed.



*Downtown Ventura; Source: Downtown Ventura Partners*

This was critical, because evacuations created significant stresses. One business owner said that he stayed with a friend, but then had to move to a hotel, came back to his house, and then had to move out again. Another business owner said that she had to move out of her house and stayed on a couch in her office, while her husband stayed at another place to be close to their kitchen (they ran a confection business.) The evacuations and dislocations made it difficult for them to have continuity in terms of restoring services, repairing damage, and staying in contact with employees, vendors, and customers.

“There was a surreal mental health effect,” said one business owner. “We didn’t lose anything, but our neighbors lost their house. In fact, 40% of the houses in our cul-de-sac suffered damages. So we felt thankful in one way, very sorry for our friends and neighbors, and completely stressed out.”

Another business leader said it was like bearing up under a big weight, and in Santa Barbara in particular, the stress did not stop because it seemed like a ghost town for so long, precisely during the Christmas season. Others talked about lingering stress, which they said affected some of their business decisions and they said would make them more risk averse in the future.

### ■ Post-Disaster Stabilization

The Thomas Fire and the debris flows affected different neighborhoods and communities in the impact area in vastly different ways. Some locations suffered almost no displacement and were back to normal very quickly. Others, particularly the city of Santa Barbara, parts of Montecito and downtown Ventura reported ongoing challenges.

In downtown Santa Barbara and in other parts of the county, business owners reported that it felt like the disaster stayed through the middle of January directly, and then the after effects in terms of lost customer traffic and displacement endured for even longer. Stabilization efforts centered around restoration of power, re-opening of the Highway 101 South-bound lanes, and reopening of neighborhoods.

### ■ Long-Term Recovery and Future Resilience

Many business owners reported that they plan to change their behavior based on their disaster experiences. Three particular behaviors emerged:

1. They want training and/or management tools to learn about resilient practices
2. They want to build up their online business tools, and
3. They want to learn more about insurance options

One person said that “an easy to use play-book would be very helpful.” A second person said that developing their online business was a way for them to compensate for not having the same foot traffic that they had prior to the disasters.



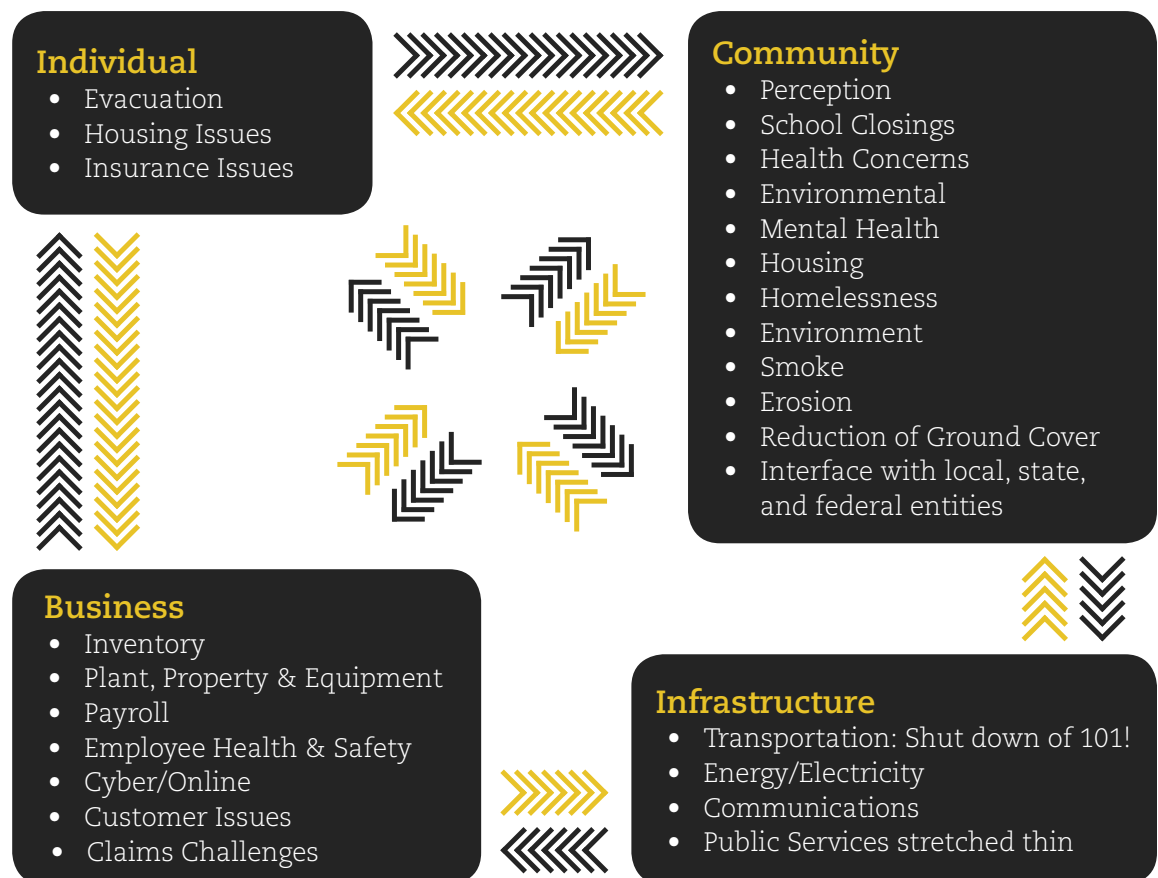
State Street, Downtown Santa Barbara;  
Source: [planning.org](http://planning.org)

All of the business owners interviewed said that their intention is to stay and rebuild their business, but they all knew people who were leaving. A couple of people said that they felt safer now that they had the fire, because it was not likely to happen in the same way again soon. Others said that they loved the beauty of the area, the ocean, and the quality of life. Long-term, in Santa Barbara there are concerns about the State Street corridor, and Ventura small business owners talked about how different malls competed with the downtown. Other concerns about long-term economic viability of the region revolved around affordable housing, homelessness, and infrastructure.

Others said that one of their biggest concerns for the future was the image that Santa Barbara and Ventura would have in the future.

## Systems Level

As can be seen from the figure below, there were four different inter-related levels of impact experienced by small businesses at the individual, business, infrastructure and community levels. Individual issues like housing, family member illness, and so on can cause small business owners and employees to stay home. Direct damages to their business clearly causes setbacks. When roads are closed and the power is out, this affects businesses, and if schools are closed or hospitals are over-loaded this can also cause business disruptions.





From an economic impact perspective, the Thomas Fire was especially damaging because it took place in the heart of the Christmas season, a time that is vital for the financial solvency of many small businesses. Business owners reported a multi-tiered problem. First, they had to address their problems as individuals. Some people suffered damages to their residences, property, cars, and possessions. They had to take care of loved ones who were injured or they needed to stay at home with children until they were able to go back to school. One challenge that business owners reported was surprisingly disruptive was the evacuation process. Several people reported that they were evacuated multiple times and had to take into account that employees might not show up to work, or that a delivery might not be made on a particular day. Several people also talked about illnesses like bronchitis and mental stress being debilitating factors.

In terms of business costs, respondents broke them in to two parts: direct costs and indirect costs. Most of the people interviewed did not suffer from many direct costs. The direct costs they did have tended to be related to equipment and inventory losses. The indirect costs they experienced were due primarily to foot traffic reduction. With customers slow to return, some business owners reported concerns about cash flow, aging inventory, rent and utility payments.

The most significant infrastructure challenge was the closing of Highway 101 – particularly the southbound lane which was at a lower elevation in some stretches than the northbound lane. A hair salon owner told a story that one of his clients wanted to get her hair done, but was then stuck in the area for days, and could not get back to her home. Others talked about employees staying home, or if they did need to travel south, taking detours and a ferry that added hours and significant inconvenience on to their normal travel time. Another worry centered around the reliability of the power grid, particularly at the intersection between the territories of Southern Cal Edison (SCE) and Pacific Gas & Electric (PG&E). This fear was compounded by reports that faulty electric equipment contributed to the blaze, later confirmed by SCE.<sup>vi</sup> The infrastructure challenge also affected supplies and shipments.



Repairing 101 after the mudslide;  
source: LA Times

At the community level, school closings were most frequently referenced as a reason for employees and owners not to report for work. Other issues that came up included working with the city, when the city's own employees were also going through the same challenges as everyone else, neighborhood clean-up and debris removal, and cleaning up of the parks and public spaces. The business owners also talked about the ripple effect on community nonprofits organizations. As resources went to address the emergency, nonprofits that would normally receive donations during the disaster and immediately afterwards reported cash shortages. As a result, concerns were raised about normal community services being cut back as a result of the emergency.

One of the long-term issues that the fires highlighted was the lack of workforce and affordable housing within the region, and how interdependent the region's jobs base is with other parts of southern California. People who want to work in Santa Barbara often have to commute from other places.

The fires also highlighted the fact that while there were many post-fire convenings, they were often happening in silos. Owners and operators within sectors were informed about what was going on within their own sector but did not have a lot of visibility about what was happening in other sectors. There needed to be more mechanisms to bring cross-sector stakeholders together.

## Other Issues

Other issues flagged in the research and by forum participants included:

- **Navigating the U.S. Small Business Administration:** while businesses needed financing due to the disaster and were encouraged to apply for federal assistance, they found that when submitting SBA applications they could be denied due to their having too much available credit, too little credit, poor bookkeeping, mistakes on tax forms and other issues. This led to the perception that working with SBA was daunting, difficult, or a hassle and/or time-intensive.
- **Concerns about community image at the state and national level:** the Montecito mudslides affected homes owned by celebrities and was publicized extensively. Small business owners worried about attracting regional, national and international tourists if perceptions about the area as damaged or risky were to take hold.
- **Disguised losses and uneven cash flow:** Several business owners reported that it might not have looked like they had short-term losses, because even though customers did not come in the first weeks after the event, they came in a rush towards the middle of December. So there was a pattern of slack time and then overtime for employees. The other issue that emerged is that people filled pre-existing appointments, but then did not make new appointments in the new year, so there was a short-term spike in revenue, then a big concern about replacing lost customers.

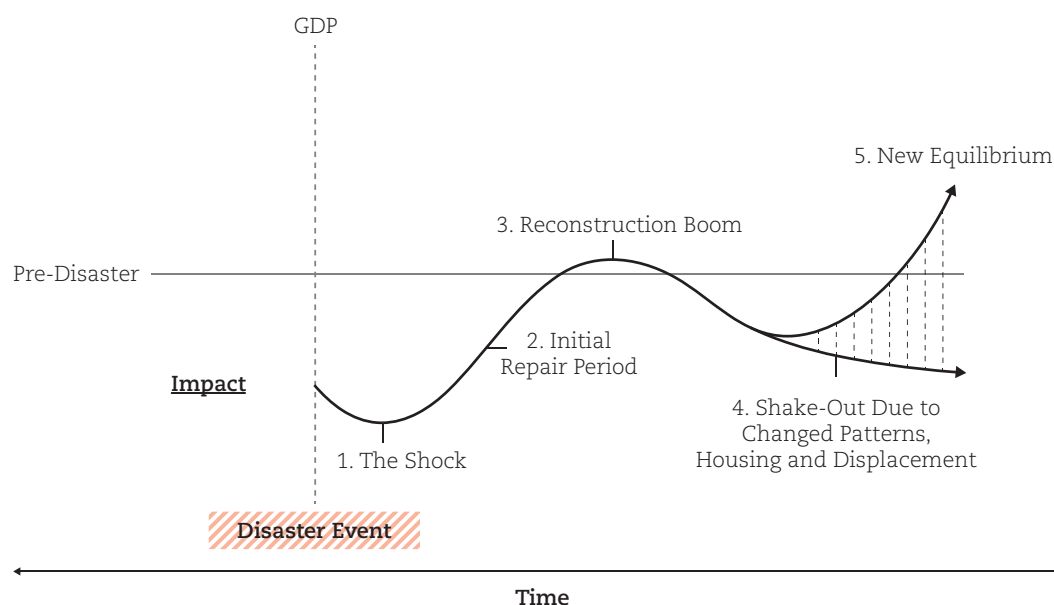
## IV. ANALYSIS

Based on the feedback received, the same pattern occurred in the aftermath of the Thomas Fire and mud slide disasters that University of Wisconsin at Green Bay professor Daniel Alesch first documented in his landmark study of the impact of the North Ridge earthquake on small businesses in southern California.<sup>vii</sup> As the figure below illustrates, the community went through an initial shock, is currently on an upward trend, but it is concerned that there will be a second bottom when the repair/reconstruction boom ends and the customers that fuel the underlying economy are slow to return.

After the initial shock of the fires, the full dimensions of the disaster continued to fuel direct and indirect impacts through January. Businesses did not report difficulties in re-opening their doors. In addition to insurance and public assistance funds, they tapped emergency reserves and their own resources. After that point, there was some attrition of repeat customers, but in both Ventura and Santa Barbara, business owners noted that while there were some soft months, in general, business began to be replaced, particularly as repairs and the post-disaster construction economy began.

Areas that were not doing as well before the fires were slower to recover than areas that were doing well. In other words, pre-existing conditions influenced the rebound effect.

### The Alesch Model



The reason there is a differential between the initial repair and reconstruction boom and the final community equilibrium that emerges is because of the symbiotic relationship between development at the individual, business, infrastructure, and community levels. When as much as 40% of a neighborhood decides to move, the businesses that serve that neighborhood must find 40% new business. When housing repair issues due to insurance,

title, zoning, repair requirements, and so forth can span anywhere from three months to ongoing at the time of publication of this report, this can cause significant uncertainty and unusual customer patterns.

Similarly, businesses may need to replace workers, make repairs, change management practices, all of which can take time and be disruptive. At the infrastructure level, repairs to water utilities, the power grid, the highway system, and other public spaces can all cause gridlock, change traffic patterns, and disrupt normal schedules. Working parents' schedules are typically dependent on day care and school schedules.

As a result, there are multiple implications of this process that need to be taken into account:

1. False optimism about the state of the economy should be avoided due to the surge in one-time investments and unusual expenditures that take place in the first few months after a disaster;
2. Significant attention should be paid to customer re-acquisition, retention, and new marketing;
3. The initial reconstruction boom may be a good time to address pre-existing conditions and change the risk profile and accessibility to services and infrastructure support for the small business base of the community;
4. Small business capacity building and support may be needed as much for the secondary "shake-out" period, as for the initial repair period;
5. The new equilibrium that emerges will not just be due to the repairs that take place during the first stage of the disaster recovery, but whether underlying weaknesses and vulnerabilities that pre-existed the disaster will be addressed.

What this model implies is that initial funding creates a surge in short-term economic activity that is not reflective of the underlying conditions that small business owners and operators that are rooted in the community are likely to face over the long-term.

For the community to avoid or minimize a secondary shake-out after the initial repair boom has faded, ongoing prudent financial and business management is required. Outside supporters of long-term recovery should be aware of this secondary pull-back and develop tools, tactics, and strategies accordingly.



## V. SOLUTIONS, TOOLS AND TACTICS

Recommended tools and resources that small businesses flagged as helpful in this response:

1. Diffusion of early warning tools
2. A small business recovery and resilience “Help Desk” or information service that would help businesses to navigate FEMA, SBA, state and local public resources, and private sector and philanthropic recovery and resilience support
3. A “Credit for Resilience” program such as that launched by Wells Fargo and WEV in October 2018 to provide short-term cash flow assistance
4. Fixed cost payment forbearance programs related to rent and utility payments
5. Resilience and financial management training and tools
6. Customer marketing reacquisition and community branding and destination support tools to encourage people to come back to the community.

As bad as the wildfires were, they could have been much worse, thanks to a number of measures that were instituted in the region, dating back to the 1990 Painted Cave fire near Montecito. The Montecito Fire Protection District created “fuel breaks” which thinned or removed native shrubs, hardened and fire-proofed homes, and helped residents dispose of excess logs and branches. It changed codes, widened driveways, and increased accessibility for fire engines. The result? Montecito emerged from the fires with no fatalities, no injuries, and only seven homes lost.<sup>viii</sup> On the other hand, while they were prepared for the fires, the debris flows were another story resulting in the loss of 21 people and 2 more missing and presumed dead, and extensive property damage. This suggests that resilience measures need to take into account multiple hazards.

Respondents reported that television, radio, and online sources were helpful, but their primary sources of information were friends, neighbors and relatives. Diffusing monitors and other tools to make early warning information as accessible and ubiquitous as possible was one idea that was referenced multiple times.

Redundancy, particularly with regard to transportation, energy, and water, was cited multiple times. Redundancy is the concept that critical infrastructures become less critical, and less likely to be chokepoints if there are back-ups and alternatives. The shutdown of the 101 highway for example, illustrated how dependent the region was on this transportation artery. Accessibility is closely related to redundancy in the sense that people can get to needed goods and services relatively easily. Diffusion is the

People were aware of the SBA’s support system, but were leery of perceived complexity, long wait times, and the prospect of being denied assistance. A non-threatening “Help Desk” that could walk through and review applications, answer questions, and provide information about different kinds of resources, tools, and assistance opportunities was seen as something that would be very helpful, even if it might be somewhat duplicative.

One such program was the Montecito Recovery Center, a walk in center open to anyone impacted in the community between March and September 2018. This served as an important face-to-face resource for small business owners (and anyone else in the community) to be able to access different support agencies under one roof.<sup>ix</sup> Users of this resource said that they felt comfortable going into the center, and it was also important for it to be easy to access.

If such a resource center could also be mirrored on-line this would be very helpful. As one respondent put it, during an emergency there is no such thing as too much communication. People said that when they had a problem, they wanted to be able to research the problem online, and having multiple sources helped them to shape their perspective on what they needed.

Financial and business planning and counseling was seen as another major need. Disasters and emergencies are not normally accounted for in most small business plans, and business owners welcomed the idea of being able to ask counselors about tools to manage already stretched finances. Insights about how to manage insurance, public assistance opportunities, rent and utility payments, payroll, and other financing challenges were all raised as issues where counseling would be very welcome.

Customer reacquisition, community branding and special events marketing to re-start traffic was a very important topic of conversation. Ventura invested in a number of Friday night events to create destination interest for the city. These included a “bring your pet” event, a wine walk, an open-air movie downtown, “Champagne on Main” and other themes. Santa Barbara received assistance from the California Office of Tourism for its regional marketing efforts. Both communities believe that ongoing marketing efforts are important, but that the after-effects of the wildfire and mudslide disasters could damage the brand of both communities for some time. This is why publicizing what the communities are doing to improve their future resilience and reduce their future risks is important for their future economic vitality.

In addition to technical and advisory assistance, counseling, and marketing, a small business disaster recovery grant program was developed. Through a process of desk research, field interviews, focus groups, and observation, it was clear that additional capacity building support was needed. Small businesses in the region made it very clear that they were struggling with pre-existing debt, and were having cash flow problems due to ongoing rent, utility, and other standing fixed costs, while their customer base and revenue models were still coming back online. Based on this feedback, Wells Fargo, the Institute for Sustainable Development, and Women’s Economic Ventures combined forces to create a multi-pronged approach that included:

- Small grants to minority and disadvantaged businesses that demonstrated their commitment to rebuilding and staying in the community
- Initial awareness and orientation briefings were held to explain the program
- Individual technical assistance and counseling to address recovery challenges
- Workshops have been scheduled to provide technical assistance and counseling to promote future resilience and minimize vulnerabilities to future disasters

The program launched on October 16, 2018, and was over-subscribed ahead of schedule, illustrating the clear demand for the program.

The concept created a practical way to address and avoid the secondary negative community impacts that the Alesch model had shown happens with many communities after the initial repair boom passes. The ongoing grant and/or low interest loan program would help small businesses stay in business and strengthen their ability to invest in future resilience measures. This would allow them to slow their emergency cash outflows or “burn rate” and stay in business until the underlying economy and community could return to normal.

As reported, there were any number of reasons for businesses to fail in the aftermath of the events in December 2017 and January 2018. Plant, property and equipment damages, inventory losses, key employees having to quit, personal damages and distractions, lost customers, and so on.

When Wells Fargo announced the decision to grant Women’s Economic Ventures \$500,000 to disburse recovery and resilience grants to qualified minority and disadvantaged small businesses it was very well received. Even though most corporate disaster response activities happen within the first ten weeks after a disaster, and staying committed to engaging with a disaster response long after the spotlight moved on was an anomaly, Wells Fargo senior leadership recognized the value of supporting the recovery for the long-term. Scott Hansen, Senior Vice President and Senior Managing Director, Wells Fargo Wealth Management Group said at the one year anniversary event, “It’s hard to believe it’s been a year already...To see the impact that this has had on small business has been really heartbreaking.. And to be able to do something to benefit small business has really been a just a pleasure.”

By December 4, the anniversary of the Thomas Fire, Wells Fargo and Women’s Economic Ventures awarded small business disaster recovery grants to 60 minority, disadvantaged, and women-owned businesses. These businesses were very small, 96% were minority or women-owned, and equally distributed across the Ventura and Santa Barbara region. Businesses included such community staples as hair salons, coffee shops, clothing boutiques, construction contractors, confections, bakeries, professional services, and restaurants.

In other words, the disaster had touched many different kinds of businesses and affected the economic base of the impacted areas as a whole. In the initial filings, the number one issue that businesses said this grant program would help with was payroll.

While at the time of publication, it is still early, this kind of anchoring initiative may be helpful in reducing the long-term business loss rate due to disasters, and equally important, it may be helpful in retaining jobs in the community. There is a secondary effect, in that it sends a message to small businesses that if they commit to recovery and resilience, that their efforts may be recognized. Institutionalizing such programs in the future, may incentivize more small businesses to commit to recovery. As a result, this unique initiative, and the leadership that Wells Fargo and Women’s Economic Ventures displayed, may have a ripple effect that will pay dividends for many communities in the future.

## VI. NEXT STEPS

### Next Steps

The fires, while terrifying, inflicted less damage than they would have in previous eras due to the precautions of many residents and business owners and government officials in the impacted communities. Both Ventura and Santa Barbara counties suffered disruptions, but neither was fundamentally threatened.

That being said, the fires and the mud slides did expose certain vulnerabilities and flaws in the current disaster response process. There is no silver bullet or magic wand that will eliminate all of the hardship that extreme events like these can cause, but through communications, technical assistance, and capacity building, the process can be improved, and lives, livelihoods, and living environments better safeguarded. By documenting lessons learned and suggestions, it is hoped that reports like this one will help to reduce the threat of future disasters even more.

This report was a snapshot of a work in progress. We greatly appreciate the participants engagement in providing feedback about the existing disaster response and recovery process and providing insights and ideas for how to improve.

For more information or to see how you can be a part of this ongoing undertaking contact:

**Stephen Jordan**

CEO

**Institute for Sustainable Development**

1800 Diagonal Road  
Suite 520  
Alexandria, VA 22314

E: [sjordan@isdus.org](mailto:sjordan@isdus.org)

[www.isdus.org](http://www.isdus.org)



## APPENDIX I: ATTENDEE LIST OF THE CALIFORNIA WILDFIRE WORKING MEETINGS

Laura Bode.....	SB Property Rental Association
Marsha Bailey .....	Women's Economic Ventures
Chuck Jehle.....	MCSC Women's Business Center
Karen Sheeler.....	CA Office Administrator Brownstein Hyatt Farber Schreck
Israel Nery .....	U.S. Small Business Administration
Jill & Jean Michel Carre.....	Chocolats du Cali Bressan
Chuck Jehle.....	MCSC Women's Business Center
Kirsten McLaughlin.....	Cox Communications
Todd Wood.....	Chamber of the Santa Barbara Region
Bernard Sandler.....	Self-Consultation
Dave Lombardi.....	Downtown Santa Barbara
Ken Oplinger .....	Chamber of the Santa Barbara Region
Krista Pleiser .....	SB Association of Realtors
Julie Samson .....	SB SBDC; Center for International Development, Scheinfeld
Jo Bowers .....	Museum of Ventura County
Brooke Angel .....	Wells Fargo
Alexi Rami .....	Wells Fargo
Kathy Janega-Dykes .....	Visit Santa Barbara
Vanessa Bechtel.....	Ventura County Community Foundation
David Armstrong .....	Downtown Ventura Partners
Kevin Clerici .....	Downtown Ventura Partners
Gregg Sherkin .....	Wells Fargo
Gabriela Mello.....	Wells Fargo
Luis Gonzalez.....	Wells Fargo
Scott Hansen .....	Wells Fargo
Jess Tirado .....	Wells Fargo
Juan Lopez .....	Wells Fargo
Nicki Parr .....	Women's Economic Ventures
Stephen Jordan .....	Institute for Sustainable Development
Becky Chung .....	Institute for Sustainable Development



*Representatives of 60 small businesses with Wells Fargo receiving inaugural Credit for Recovery grants*

## ACKNOWLEDGEMENTS

The following Wells Fargo team members deserve a great deal of thanks for their role in the response: Gregg Sherkin, Gabriela Mello, Juan Lopez, Scott Hansen, Susan Choo, Luis Gonzalez, Jesus Tirado, and Macky Cabalsi.

These convenings were facilitated by Stephen Jordan, CEO of the Institute for Sustainable Development. The Institute for Sustainable Development's mission is to promote innovation and public-private partnerships for sustainable and inclusive long-term community disaster recovery, resilience, and transformational development. We also would like to acknowledge Becky Chung, project coordinator; and ISD senior advisors Lynn Knight, CECd, vice president, International Economic Development Council; Russ Paulsen; John Copenhaver; and Leann Hackman-Carty.

Special thanks go to Ken Oplinger and his team at the Santa Barbara Chamber of Commerce, David Armstrong and Kevin Clerici at Downtown Ventura Partners, Brent Woodworth, LA Emergency Preparedness Foundation, Marsha Bailey, Amy Fletcher, Nicki Parr, Lisa Minyard at Women's Economic Ventures, Daniel Sieu and Joanne Hill, MBDA, Vanessa Bechtel and Phylene Wiggins at Ventura County Community Foundation.

---

<sup>i</sup> Center for Disaster Philanthropy, U.S. Chamber Foundation and Institute for Sustainable Development calculations based on the sample of large scale disasters dating back to 9/11. This does not include data from smaller disasters or the individual experiences of some companies with specific incidents.

<sup>ii</sup> “Louisiana Still Finding Katrina Damage” by Paul Singer: <https://oceanleadership.org/louisiana-still-finding-katrina-damage/> and list of ongoing Superstorm Sandy recovery recipients: <https://www.transit.dot.gov/funding/grant-programs/emergency-relief-program/recipients-fta-grants-hurricane-sandy-recovery-and>

<sup>iii</sup> National Interagency Fire Center: [https://www.nifc.gov/fireInfo/fireInfo\\_statistics.html](https://www.nifc.gov/fireInfo/fireInfo_statistics.html)

<sup>iv</sup> “01-12-2018 Daily Update Thomas Fire”. InciWeb. January 12, 2018.

<sup>v</sup> “Oprah Winfrey shares devastating video of property damaged by mudslides” by Aliyah Frumin; January 10, 2018: <https://www.today.com/news/oprah-winfrey-shares-video-home-damaged-california-mudslides-t121062> and “Ellen Talks About Catastrophic Mudslides in Her Neighborhood of Montecito” published January 11, 2018, [https://www.youtube.com/watch?v=a\\_nVfcX\\_WZY](https://www.youtube.com/watch?v=a_nVfcX_WZY)

<sup>vi</sup> <https://newsroom.edison.com/releases/sce-provides-an-update-on-the-circumstances-pertaining-to-the-2017-thomas-fire>

<sup>vii</sup> Alesch, D. J., C. Taylor, A. S. Ghanty, and R. A. Nagy. 1993. *IIEarthquakeRiskReduction-andSmallBusiness.II* In K.J. Tierney and J. M. Nigg (Eds.) *Socioeconomic Impacts*. Monograph prepared for the 1993 National Earthquake Conference. Memphis, TN: Central U. S. Earthquake Consortium.

<sup>viii</sup> “What the Dutch Can Teach Us About Wildfires” by Crystal Kolden, *The New York Times*, November 16, 2018; <https://www.nytimes.com/2018/11/16/opinion/sunday/what-the-dutch-can-teach-us-about-wildfires.html>

<sup>ix</sup> Santa Barbara Independent: <http://www.independent.com/pr/2018/apr/20/county-partners-non-profit-support-small-businesse/>

