



KAWERAK, INC.
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Bering Strait Small Business Resilience Plan

Presented to Kawerak, Inc.



Prepared by
The University of Alaska
Center for Economic Development

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Recent years have shown that unexpected events can threaten the health and even survival of businesses and nonprofit organizations. From 2020 to 2022, the Bering Strait region, like the rest of the world, faced the public health disaster of the COVID-19 Pandemic. In September 2022, western Alaska was hit by former Typhoon Merbok, causing millions in property damages, lost homes and fishcamps, and destruction to numerous pieces of infrastructure. Clearly, the Bering Strait region is no stranger to natural disasters that threaten lives, health, and economic livelihoods.

This small business resilience plan was prepared by the University of Alaska Center for Economic Development on behalf of Kawerak and the Bering Strait Development Council, the Alaska Regional Development Organization (ARDOR) for the Nome Census Area. Its purpose is to create a framework that can be activated in the event of a natural disaster or other resilience threat to facilitate a rapid economic recovery for businesses, self-employed individuals, and nonprofit organizations. It also lays out steps that can be taken to prepare for unexpected negative events to minimize the damage they might cause.

Identifying roles and responsibilities

When a disaster occurs, it is not always obvious who should be responsible for business recovery efforts in a given community. City government? State government? Tribes? Chambers? In the Bering Strait region there is no borough government, and only Nome has an active chamber of commerce. One approach is to form an Economic Recovery Task Force (ERTF) made up of representatives from key organizations that operate within the region. The ERTF will be tasked with coordinating business recovery efforts, disseminating information about relief programs, offering direct assistance to impacted businesses and nonprofits, and interfacing with a variety of government agencies, nonprofits, and other stakeholders involved in the recovery response.

The ERTF should consist of organizations with a wide reach throughout the region. It should include business support organizations, local government, tribal organizations, private businesses, and native corporations. It should include entities that serve businesses in Nome (where most businesses are located) as well as the other 15 communities in the Bering Strait region. Its membership may include the following:

- City of Nome
- Other local governments
- Kawerak Community Planning and Development
- Nome Chamber of Commerce
- Village corporations
- Tribal Office
- Local banks
- Private businesses

Membership of the ERTF should be determined as part of the resilience planning process before a particular disaster or threat has emerged. When no threats are present, the group should meet periodically (perhaps one to two times per year) to discuss and review roles, resilience threats, and potential mitigating actions.

When a specific threat has occurred or been identified, the ERTF should meet as soon as possible, either in-person or virtually to coordinate response and recovery efforts. It should establish a frequent meeting schedule (perhaps weekly) for as long as necessary to guide and coordinate recovery efforts.

As part of steady-state planning efforts, the members of the ERTF should maintain an updated directory of resources that are available to assist businesses in the event of a disaster. These resources should be maintained on the BeringStrait.biz website and updated frequently. These resources should include:

- Emergency loan or financing sources, such as from the US Small Business Administration (SBA).
- Sources of business advising and technical assistance, like the Alaska Small Business Development Center (SBDC), Procurement Technical Assistance Center (PTAC), Manufacturing Extension Partnership (Alaska MEP), and Kawerak Business Planning Specialist.
- Materials to help businesses prepare for disasters and external shocks, such as preparedness checklists.

In the event of a disaster, new resources such as emergency relief funds will become available. When the ERTF begins to regularly convene during or post-disaster, it will need to collect and disseminate information quickly to ensure it reaches the businesses or other intended targets quickly. During the COVID-19 Pandemic, for instance, new relief funds such as the Payroll Protection Program (PPP) came into existence, with a rapidly changing set of rules and eligibility criteria. States and local governments also managed relief funds. These different programs were difficult for businesses to keep track of—a group like the ERTF can aid in navigating a multitude of programs.

Establish a business recovery center

Surveys and stakeholder conversations indicate that business owners in the Bering Strait region struggled to navigate the paperwork required for the Paycheck Protection Program (PPP) during COVID, or the SBA Disaster Assistance Loan after Typhoon Merbok. In rural parts of Alaska, including the Nome Census Area, a smaller percentage of businesses received PPP loans than in urban parts of the state. Awareness of the program and difficulty navigating the paperwork and requirements are two likely factors behind this lower utilization. Helping businesses and nonprofits to access relief funding and other resources is an imperative aspect of the economic recovery.

Establishing a temporary business recovery center (BRC) is one program that could be implemented during or following a disaster. The BRC would function as both a physical and a virtual location, where business owners and managers can meet with service providers and other specialists to advise them on relief program requirements and other aspects of restoring business operations. Once a disaster has been declared or local community leaders deem it appropriate, the ERTF can establish a BRC for a set time period—as long as necessary to assist in the aftermath of a disaster.

The BRC should be in an accessible location in Nome. It could be housed within an existing organization's office space, such as the City, Chamber, Kawerak, or a donated or vacant space. It should also be able to accept telephonic or virtual appointments to serve the communities in the region outside of Nome.

Staffing for the BRC would most likely come from existing personnel from some of the organizations represented on the ERTF, along with other partners and service providers. These might include staff from Kawerak, the Nome Chamber, the City of Nome, community volunteers, and others. Their efforts

can be further supported by hosting workshops delivered by government agencies and assistance providers, such as SBDC, SBA, Internal Revenue Service, Alaska Department of Commerce, and others.

Services offered by the BRC will include one-on-one consultations with business owners, as well as seminars and workshops. The content of these offerings may include:

- Accessing relief programs like SBA disaster assistance loans,
- Understanding insurance requirements and processes,
- Navigating regulations and restrictions,
- Locating professional services like accountants and lawyers,
- Financial planning services,
- Other services related to restoring business operations.

Another key function of the BRC is to coordinate closely with the emergency operations center, and any other entities coordinating the disaster response such as Norton Sound Health Corporation, the City of Nome and other local governments, and Kawerak. This will help ensure that the BRC has the latest information to disseminate to businesses and clients.

Communications plan

For the ERTF and BRC to successfully help businesses recovery, the partner entities will need to undertake a robust, multifaceted awareness campaign to promote BRC services and spread information about relief programs. These two functions are critical to an economic recovery, to encourage utilization of recovery programs and restore businesses to normal operations as soon as possible.

The ERTF should lead communications efforts in close coordination with the BRC (as the two entities will overlap in their membership). Ideally, one person can be designated as the communications lead for all economic recovery communications to ensure consistency and accuracy in messaging. Messaging should focus on two main points:

1. The programs and resources available to assist business owners and employers, such as SBA disaster loans.
2. The services of the BRC, including how to contact the center and set up an appointment.

A number of local and regional communications channels exist already in the Bering Strait region, and can be used for resilience communications with business owners and employers. These include local media, social media, and stakeholder networks. The following likely channels include:

- **Print and broadcast media.** *The Nome Nugget* newspaper and KNOM radio station are the two primary media outlets in the Bering Strait region. The ERTF should provide press releases and direct outreach to editorial and reporting staff.
- **Social media.** Several Facebook groups such as “Nome Post” and “Nome, AK” are great venues for announcements and information.
- **Newsletters.** Monthly or periodic newsletters distributed by Kawerak, Norton Sound Health Corporation, Bering Straits Native Corporation, and other regional entities can be an excellent way to get information to a wider audience, especially in the communities outside Nome.
- **Bering Strait Business Directory.** The BeringStrait.biz website is a directory of local businesses. An email list of business owners registered for the site is another venue for sharing information.

- **Nome Chamber of Commerce Membership.** The Nome Chamber represents dozens of businesses in the Nome area, and its membership directory could be utilized to share relevant information.

Federal process and resources

The primary source of financial relief for businesses and employers is the SBA, a federal agency. SBA offers a variety of financial products for small businesses that are unrelated to natural disasters, but the primary focus of this section are the disaster loans. SBA disaster loans require federal disaster declaration to trigger eligibility for a given geography (see process below). The main types of SBA disaster loans include:

- Physical damage loans, to finance repairs and replacement of assets.
- Mitigation assistance, for improvements to mitigate damage from future disasters.
- Economic Injury Disaster Loans (EIDL) to “meet financial obligations that could have been met had the disaster not occurred” according to the SBA description.

In addition to businesses, nonprofit organizations and homeowners are also eligible for SBA disaster loans. Details about each type of loan are shown in the table below.

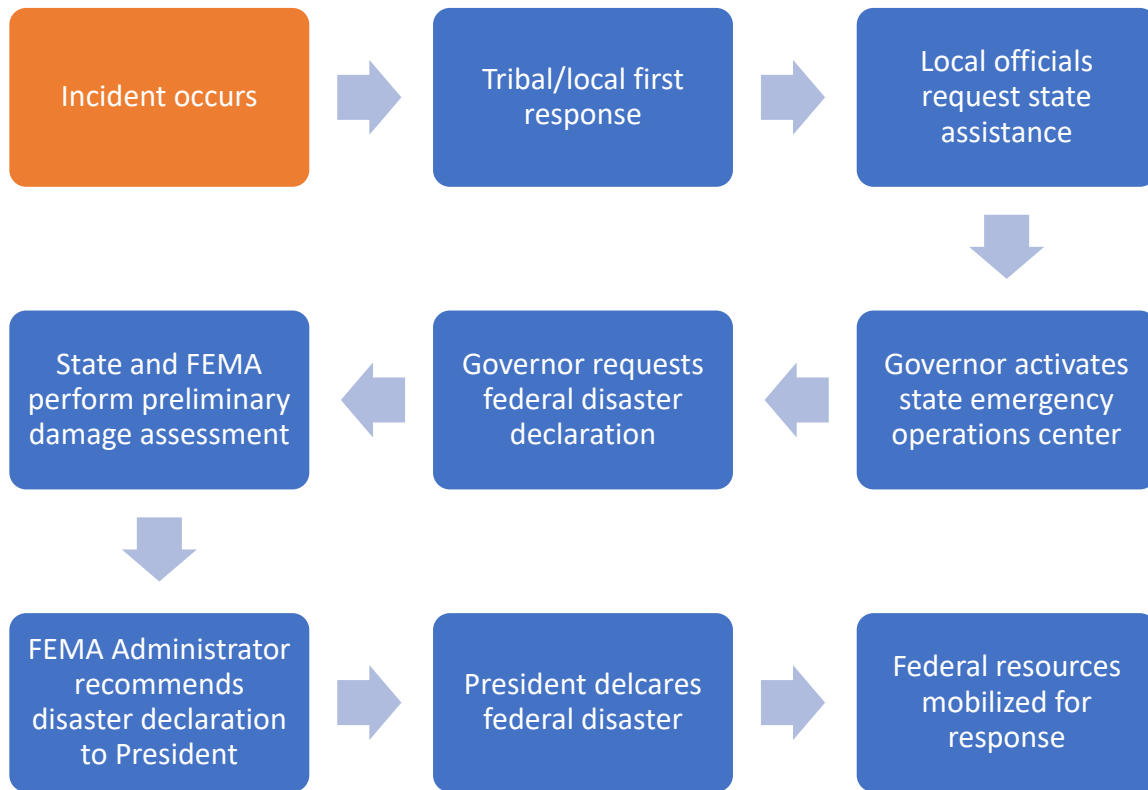
Types of SBA Disaster Loans

| | Physical Damage Loans | Mitigation Assistance | Economic Injury Disaster Loan |
|------------------------|---|--|--|
| Use of proceeds | Repair or replace real property, equipment, or other assets | Improvements to mitigate future disasters. | Meeting working capital obligations until normal operations resume |
| Max amount | \$2 million | Up to 20% of the physical damage loan amount | \$2 million |
| Interest rate | Max of 4% or 8% | Max of 4% or 8% | Max of 4% |
| Maturity | 30 years | 30 years | 30 years |
| Collateral | Required for loans over \$25,000 | Required for loans over \$25,000 | Required for loans over \$25,000 |

Federal disaster declaration process

For SBA loan programs, FEMA, and other types of relief resources to be mobilized, a federal disaster declaration must be in place. The process of declaring a disaster may take several days, and requires a state and local response to be mobilized first, as well as a preliminary damage assessment to be performed. When state and local responses are not adequate, the Governor of Alaska may request a federal disaster declaration. This federal Stafford Act governs the disaster declaration process, which is summarized in the chart below.

The Stafford Act Disaster Declaration Process



The ERTF should be activated before a federal disaster declaration becomes official, if possible. The ERTF can help explain the declaration process to businesses and other members of the community, who may be seeking immediate relief for economic and physical damage.

Proactive mitigation measures

While most of this document focuses on the aftermath of a disaster or shock, it is important for local leaders to recognize that preparation and planning can prevent a large share of economic damage in the first place. Recent episodes in the Bering Strait region, like Typhoon Merbok and COVID-19, have yielded valuable lessons about proactive measures to be taken. The ERTF should meet periodically during peaceful times to discuss and coordinate various proactive measures. Based on survey results and feedback from regional businesses gained during a listening session, these lessons include equipment and supplies availability, infrastructure readiness, and business readiness. Each are discussed in turn.

Equipment and supplies

After Typhoon Merbok, the Bering Strait communities received generous donations of food, equipment, and essentials in the weeks following the event itself. However, before supplies could arrive many essential items were severely limited. This included food for people who had to abandon their homes to seek emergency shelter in some places. It also included equipment like pumps to remove water from the low areas in homes and businesses, like those on Front Street in Nome. Local stakeholders should take stock of the types of items that are most likely to be needed immediately in a natural disaster and develop a plan to have them available at all times.

Infrastructure readiness

Several Bering Strait communities are especially vulnerable to large waves and storm surges. Storm walls exist in some places but are not always adequate to protect homes and other buildings from severe storm damage and the effects of erosion. Protective infrastructure should be prioritized in funding applications as a measure to increase economic resilience.

Business readiness

There are important protective measures business owners can take to protect their livelihoods and those of their employees and dependents. These include the safe placement of equipment and critical documents and measures to prepare buildings from physical damage. Kawerak and the University of Alaska Center for Economic Development created a series of business readiness checklists that can be used to assist businesses in their proactive and responsive planning. There is also an opportunity to share tools and resources around succession and disaster planning in the region.

In summary, the following steps are suggested to lay the foundation for small business continuity planning on a regional scale within the Bering Strait region leading to resilient and sustainable communities post-pandemic.

1. Form Economic Recovery Task Force (ERTF)
2. Establish a Business Recovery Center (BRC)
3. Create a Regional Communication Plan
4. Identify and Implement Proactive Mitigation Measures

Sources and further reading

“[Leadership in Times of Crisis: A Toolkit for Recovery and Resiliency](#)” by the International Economic Development Council.

“[Overview of Stafford Act Support to States](#)” by the Federal Emergency Management Agency (FEMA).

“[Disaster Loan Assistance](#)” by the Small Business Administration.

“[Prepare for Emergencies](#)” by the Small Business Administration.