

**South Dakota Chamber of Commerce and Industry**  
**September 2001 Newsletter**  
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**BUSINESS CONTINUATION  
SERIES:  
NATURAL DISASTERS**

*Does South Dakota have a history of natural disasters? Of course – but the magnitude is alarming. In the past 10 years alone South Dakota has experienced:*

- **Floods/Flash Floods –**  
*Four doing over \$500 million in damage (10 since 1972)*
- **Tornadoes –**  
*Average 25/year (1,030 from 1950 to 1991)*
- **Winter Storms –**  
*Six severe enough for a federal declaration (11 since 1975)*
- **Earthquakes (yes, even these) –**  
*Five (18 since 1971)*
- **Wildfires –**  
*Every year, with 44 being the fewest and 1,638 the most  
(Since 1970 there have been 6 years with more than 1,000 wildfires)*

In addition, 6,247 hazardous materials incidents have been reported since 1985. In fact, of the seven disasters addressed by the Federal Emergency Management Agency (FEMA) in their Guide for Business and Industry, South Dakota has experience with all but one. We are only completely immune from hurricanes.

Much of the advice in the business continuation edition on Fire applies to businesses involved in natural disasters. The main difference is the fact that multiple businesses are affected at the same time, so emergency services will be stretched to capacity and may not be able to focus solely on your business.

**Knowledge Gained from Mitchell's Microburst.**

"I don't think I will ever understand the difference between a microburst and a tornado, and quite honestly when your building is gone, it doesn't matter what they call it." This was the assessment of Bryan Hisel, Executive Director of the Mitchell Area Development Corporation and Chamber of Commerce, after a microburst was estimated to cause over \$3.5 million in damage in Mitchell last July.

SD Chamber of Commerce and Industry board member Jerry Thomsen from Trail King in Mitchell was kind enough to share his experience for this issue – here is his story.

"Your door seems to have been blown open," a sleepy Jerry Thomsen heard at 2:30 a.m. from a caller who lived close to Trail King's west building. Arriving several minutes later he found an

overhead door lying outside the building and some materials had been strewn about. As he picked up the general area, he kept looking at the door, something didn't seem right.

Then it dawned on him, the door had blown out of – rather than into — the building. He decided another door must be open or damaged on the other end of the building. He drove around to find that the other end of his building was gone. If seeing half his building missing wasn't enough of a shock, the sight of electric lines lying in 6" of water and a horrid smell of natural gas everywhere, certainly was. The scene told him instantly his next few minutes would be intense and his plans for the next few days would be cancelled.

Jerry called 911 to report the problems he had found and was told the fire department was in the area. The highest priority was to get electricity and gas shut off at the building and to make sure other hazardous materials were secure.

### **Four things happened that saved this disaster from becoming national news.**

- 1) The power had been knocked out to the entire area so there was no electricity in the lines that were in the water surrounded by natural gas.
- 2) The fire department was in the area looking for the source of the gas smell and could help.
- 3) Jerry Thomsen knew where to shut off both gas and electricity supplies to the building so there would be no explosions if the power company turned on the power unexpectedly.
- 4) Both utility companies were on the scene to make sure it was safe.

Resisting the urge to begin major cleanup immediately, arrangements were made to get pictures and video footage of the building, or what was left of it. They asked a company that had done some advertising work for them to come and do the video documentation, plus several of the employees were photography enthusiasts and they took pictures of everything.

Jerry will tell you that *you can't take too many pictures!*

### **Next Priority: Secure the Building.**

The best stroke of luck was that no one was in the building when it was hit, so there were no injuries; everyone was safe. That meant the first thing that was needed was to secure the building. The building was open at one end, with the roof torn off a good portion of it. Even though much of it was damaged beyond repair; the rest was left intact, including tools and partially completed work that could be ruined if left exposed to the elements.

"The biggest blessing was our own people. You can't believe the help, support and response of our employees and the community . . . it still seems hard to believe," said Jerry Thomsen

By 7 a.m. 150 Trail King staff and families were on the scene picking up the disaster and working to seal the building. Managers worked beside line workers and spouses and children came out to help. Jerry said he never had to make a single call for help; and he was

overwhelmed by the response. Employees came over all day wanting to help. The Pepsi plant even brought water for the workers

By 4 p.m. that day the debris was cleaned up and a new temporary wall had been erected securing the building. "They even found our sign and put it on the plywood wall," said Jerry with a smile. "On Monday everyone was back at work — we didn't miss a day."

**CAUTION - While everyone was ready to clean up everything, and eager to complete the job, some areas were too dangerous and needed professional work.**  
**This was true for roof damage and some sections of the walls.**

**Insurance -** Trail King's insurance was prompt and receives rave reviews by management. Trail King had purchased loss of business insurance, but still worked very hard to get back to work. The insurance company appreciated this and other settlement questions were handled quickly. The video and pictures proved to be invaluable in answering questions for the insurance company.

**Note:** The Chamber wishes to thank ***John Miedema Sanitation***. Miedema Sanitation's building was completely destroyed by the same storm. John reports similar experience with help from utilities, emergency services and his insurance company. Space limitations do not allow a full accounting of his incident. We are glad to report Miedema not only rebuilt, but expanded their original building.

Notes on Being Ready. Listening to Trail King's story and talking to Jerry, there are several points to summarize about being prepared for natural disasters.

#### **Basic Things to Know.**

- Electrical shut off switches
- Gas shut off valves
- Location and security of hazardous materials

*Identify several people who are responsible for making sure these things are shut off.*

Make sure someone calls 911 – they may be busy, keep trying. They want and need to know everything that is happening; don't think you will be overloading the system. Trail King has even added a "Red Phone" that automatically connects to an emergency center when the handset is lifted. If you have a life/safety issue and can't get through – make sure someone knows where the emergency headquarters is and – as long as it is safe – send them to talk to incident commanders.

**Have Places for People to Go.** South Dakota has an average of 25 tornadoes a year. Designate a place for people to go and who has authority to send them there. Trail King does at least two practice runs a year sending people to storm rooms.

**Know When to Go.** Decide in advance who will be in charge of sending employees to storm areas. These people will have to monitor weather reports when storms threaten. Several businesses interviewed for this article had adopted a policy of sending everyone for cover every

time the community's warning system sounded. Remember if the building is damaged and people need to abandon it, there should be a "rally point" where all employees are instructed to report.

**Count 'Em.** In places that are large, it is necessary to have a standard procedure to count the people in each storm area. An employee who might be expected to be in one area may have been closer to another safety area instead. Trail King has radios that can communicate between rooms so people can be counted.

**Send Them Home.** It is good policy to have someone authorized to send employees home if severe weather threatens. This is particularly true for winter storms that could strand people in your business for several days.

## A Consumer's Mini-Guide to Recovery Following a Major Storm

Courtesy of South Dakota Insurance Alliance  
Milbank, South Dakota  
Provided by Ardell Nelson, Milbank

Knowing what to do before or after a major storm hits your area or home could ease some of the stress following such an occurrence. In conjunction with the National Association of Independent Insurers, a national property and casualty insurance trade association, SDIA has summarized these points to a speedier recovery following a disaster:

- Report all damage to your insurance company or agent as soon as possible. Downed trees or other landscape damage usually is **not** covered by insurance, unless they have damaged a building or motor vehicle that has such insurance coverage.
- Cover all holes in torn or damaged roofs immediately, so that wind and rain don't cause further damage.
- Keep all receipts for any emergency repair work to submit to your insurer later for reimbursement. If possible, photograph or videotape damaged property before making repairs.
- Keep all damaged furniture or other expensive items to show the adjuster.
- Make a list of damaged items. If possible, put together a set of records - old receipts, bills and photographs - to help establish the price and age of everything that needs to be replaced or repaired.
- Identify the structural damage to your home and list everything you would like to show the adjuster.
- Deal only with reliable licensed contractors for repairs. Ask for and verify references and contact your local police, chamber of commerce or Better Business Bureau for complaint information involving the contractor.

- Get written bids from the contractor, including details on price and materials to be used. Don't sign any contracts for repair work or give contractors any deposits until you've seen your adjuster.
- Check with your company or agent about whether your homeowners policy includes an "additional living allowance" provision, which will pay for hotel and restaurant expenses if you can't live in your home due to storm damage.
- Not all losses are covered. There are variations in insurance contracts, specified limits, or extension of coverage that vary from one company to another. Most contracts cover direct damage only and do not automatically provide for color or material matching to undamaged areas.
- Most policies have a stated period to conclude repairs, usually 180 days from the date of the loss. If it is not possible to complete repairs within this period, request an extension from your company explaining why you need this additional time.
- It is usual and customary for many insurance companies to retain some portion of the estimated loss (perhaps as high as 50% based on a preliminary ACV estimate) until repairs are completed.
- Estimates are exactly that, a preliminary assessment of damages, and final payments may be adjusted up or down to reflect the actual loss you sustained.
- Most policies do not cover the added expense of building updates imposed by ordinance or law. This is usually an optional coverage for an additional premium.

*Owners of homes that have suffered flood damage in the wake of heavy rains face the daunting task of cleaning up the mess left behind by water and mud. (Note: Most homeowners policies do not cover loss from flood related occurrences. This is an optional coverage.) While this isn't easy, there is a lot you can do to salvage possessions and minimize further damage.*

### **SDIA offers these additional tips:**

- ❖ Shovel or scrape mud off walls, floors and furniture, then hose them from the ceiling down, before the mud dries.
- ❖ Use diluted chlorine bleach to control odors and clean household items, appliances, walls and floors.
- ❖ Gradually pump flooded basements - about one-third of the water per day.
- ❖ Completely wash and dry major appliances like refrigerators and stoves. In most cases, they will not be damaged unless they were operating at the time of immersion. Because fixtures may often hold water, inspect them and allow them to dry thoroughly before using.
- ❖ Thoroughly wash and sterilize food utensils and equipment before using. Any food, which is open and exposed to flood waters, should be thrown away.
- ❖ Remove mildew from dry wood with a solution of four to six tablespoons of trisodium phosphate (TSP), one cup of chlorine bleach, and one gallon of water.

- ❖ Disinfect or discard all items exposed to sewage.
- ❖ Dry wood furniture outdoors, but not in direct sunlight. Remove drawers and other moving parts before the item dries.
- ❖ Professional restoration, cleaning and salvage companies can provide additional assistance, and often free advice. Your insurance adjuster is an excellent source of information if the damaged property is covered by flood insurance.

## **Federal Emergency Management Agency (FEMA)**

### **Protecting Your Business From Disasters**

### **Protect Business Records and Inventory**

#### **Tips:**

Keep these points in mind when you protect business records and inventory:

- ✓ Make sure you are aware of the details of your flood insurance and other hazard insurance policies, specifically which items and contents are covered and under what conditions. For example, if you have a home business, you may need two flood insurance policies, a home policy and a separate business policy, depending on the percentage of the total square footage of your house that is devoted to business use. Check with your insurance agent if you have questions about any of your policies.
- ✓ When you identify equipment susceptible to damage, consider the location of the equipment. For example, equipment near a hot water tank or pipes could be damaged if the pipes burst during an earthquake, and equipment near large windows could be damaged during tornadoes.
- ✓ Assign disaster mitigation duties to your employees. For example, some employees could be responsible for securing storage bins and others for backing up computer files and delivering copies to a secure location.
- ✓ You may want to consider having other offices of your company, or a contractor, perform some administrative duties, such as maintaining payroll records or providing customer service.
- ✓ Estimate the cost of repairing or replacing each essential piece of equipment in your business. Your estimates will help you assess your vulnerability and focus your efforts.
- ✓ For both insurance and tax purposes, you should maintain written and photographic inventories of all important materials and equipment. The inventory should be stored in a safety deposit box or other secure location.

## **Estimated Cost**

The cost of these measures will depend on the size and contents of your business, the nature of the potential hazards, and the effort required to ensure proper protection. In some instances, you may need to buy new equipment, such as a backup tape drive system.

### **Other Sources of Information**

*Emergency Management Guide for Business & Industry, FEMA, 1996  
Separate Flood Insurance a Must, FEMA, 1996*

To obtain copies of FEMA documents, call FEMA Publications at 1-800-480-2520. Information is also available on the World Wide Web at <http://www.fema.gov>.

## **Lessons from a Local Emergency Management Director**

*The Chamber wishes to thank Allan Miller, Director of Office of Emergency Management for Davison County, for sharing the following important thoughts.*

- 1) Planning Pays – Having a plan in your business is essential (see FEMA article) and having an area plan with the other businesses in your area is also helpful. The Emergency Director works with groups and can help you get together.
- 2) Business Has Resources – Working with local emergency management personnel can help identify resources your business has that could help in an emergency. Your store may stock blankets or you may have heavy equipment for clearing debris. The local Pepsi dealer had valuable water to help with the clean up after the Mitchell microburst.
- 3) Have Core People – Have a core group that knows your business and what you will do in a disaster. They should know the essentials of your business, such as electrical power shut off switches, gas shut off valves and if you have any hazardous materials that will need to be dealt with. They should be responsible for guiding other employees to safe places or to a rally point. Your core group should also know how to communicate to incident command set up by local officials.
- 4) Communications – You will need to communicate to employees, families, the media and local emergency officials. Plan who will do this and how they can communicate under various scenarios, such as a loss of normal phone service (again the FEMA checklist and planning guides are an excellent source of information).
- 5) Know that the Highest Priorities of the Emergency Incident Commanders Will Be on Life/Safety Issues.
  - ✓ Do you have fire or the potential for one?
  - ✓ Are there any injuries at your business?

- ✓ Is anyone trapped or unaccounted for?
  - ✓ Have any hazardous chemicals been released?
- 6) Help Assess Damage and Communicate to the Central Point. Disaster declarations require an assessment of damage and local officials must gather this if FEMA or other agencies are going to be able to help.

## **PROJECT IMPACT**

### **Building Disaster Resistant Communities**

In the past 10 years, the Federal Emergency Management Agency (FEMA) has spent \$20 billion to help communities repair and rebuild after natural disasters. And that is only a fraction of the total cost-insurance companies spent additional billions in claims payments; businesses lost revenues; employees lost jobs; and other government agencies spent millions more. Worst of all, however, is the loss that can never be recovered: human life.

The increasing number and severity of natural disasters over the past decade demands that action be taken to reduce the threat that hurricanes, tornadoes, severe storms, floods and fires impose upon the nation's economy and the safety of its citizens. With **Project Impact: Building Disaster Resistant Communities**, FEMA is changing the way America deals with disasters. Project Impact helps communities protect themselves from the devastating effects of natural disasters by taking actions that dramatically reduce disruption and loss.

Project Impact operates on a common-sense damage-reduction approach, basing its work and planning on three simple principles: preventive actions must be decided at the local level; private sector participation is vital; and long-term efforts and investments in prevention measures are essential. In 1997, FEMA partnered with seven pilot communities across the country and was encouraged by the benefits seen and the determined commitment that flourished at the local level. Project Impact quickly became a nationwide initiative as more communities began to see the value in disaster planning and mitigation. Today there are nearly 250 Project Impact communities, as well as more than 2,500 businesses that have joined as Project Impact partners.

To each new community that commits to the partnership, FEMA offers expertise and technical assistance at both the national and regional level, as well as incorporates other federal agencies and states into the equation. By putting the latest technology and mitigation practices into the hands of the local communities, FEMA guides these communities through the complete risk assessment process, which allows each community to identify and prioritize those mitigation initiatives that will have the greatest benefits to the community. Once implementation begins, FEMA works closely with community leaders to generate the public, political and private sector support and resources that are essential for complete success of any mitigation activities.

The incentive of Project Impact is clear: a disaster resistant community can rebound from a natural disaster with far less loss of property and consequently much less cost for repairs. Moreover, the time lost from productive activity is minimized for both businesses and their

employees. Indeed, FEMA estimates that for every dollar spent in damage prevention, two are saved in repairs.

The Project Impact communities in South Dakota at this time are Aberdeen, Huron and Sioux Falls.

*For more information about how to be a Project Impact community, please call 1-202-646-4600 or for publications call 1-800-227-4731 or visit [www.fema.gov/impact](http://www.fema.gov/impact).*