

Deepwater Horizon Disaster Response--Recommendations

You asked for follow-up on what the community could do to respond and speed recovery, so here are a few thoughts.

- **Develop a Northwest Florida Regional Economic Analysis and Strategic Plan for SME Development** \$1 million
- **Turn-Around Assistance for Affected Businesses** \$5 million over two years from BP fund.
- **Micro-loan Program** \$25 million from BP fund.
- **Home-buyer Tax Credit** (\$8000 x 100,000 units \$800 million from BP fund)
- **Discounted Home Mortgage Loans for Buyers and Refinancing** (\$500 million from BP fund)
- **Tourism Industry Vouchers** (\$50 million/year from BP fund)
- **Agriculture Subsidies for Gulf Fishing** (\$250 million/year from BP fund)

The US Department of Commerce Economic Development Administration (EDA) recently approved \$10.2 million in grants to the "Gulf States" for disaster recovery. FL received 2.5M for environmental assistance, but nothing directly to help with small business recovery or other much needed assistance in the areas affected by this disaster. List of funded projects <http://www.commerce.gov/news/press-releases/2010/06/18/commerce-secretary-gary-locke-announces-1027-million-grants-gulf-regi>

State and local leaders should consider joining forces in an effort to get our congressional delegation to act quickly on addressing these issues by authorizing special EDA funding for Florida. In addition, local governments may apply directly to EDA for funding. There is also a chance that a direct request to BP might be entertained as well as the State of Florida, which may be able to access part of the \$20 billion committed for recovery by BP.

Here are a few ideas for consideration:

- **Develop a Northwest Florida Regional Economic Analysis and Strategic Plan for SME Development** \$1 million

Undertake an in-depth S.W.O.T analysis on regional needs, focused on the development of a short-term implementation strategy (5 year) for creating an environment conducive to high-value SME expansion and new venture formations. Form a regional task force charged with the responsibility for identifying existing regional resources, including the capabilities of potential program implementation partners. Identify gaps that would need to be filled by existing public and private partners and what new infrastructure may need to be developed. Key areas to be addressed in the study would be the development of a database of physical infrastructure available to support SME expansion; workforce skills and needs assessments; existing SME needs survey; data on financial resources available for SME development (debt and equity); educational, training and research capabilities. The study will also include data from a series workshop to be convened to assess and document

the level of entrepreneurial talent and interest in forming new ventures in the region. The outcome of this study will lead to a better understanding of the needs and an action plan for diversifying the regional economy in Northwest Florida through SME development. The Assessment and Implementation Strategy would be developed by a consortium of public and private partners organized by the Florida SBDC Network and the Florida Office of Small Business Advocate.

- **Turn-Around Assistance for Affected Businesses** \$5 million over two years.

Florida, particularly NW Florida, has an immediate need for a specialized small business technical assistance program, focused on the "turn-around" (recovery and retention) of exiting firms adversely impacted by the Deepwater Horizon disaster, and providing assistance those who can take advantage of environmental remediation opportunities and are need help with expansion plans or with the formation of new ventures that will stimulate high value job creation and job retention. The Florida SBDC Network recently received a federal appropriation through SBA for a "Business Turnaround Pilot Program," to assist companies statewide that are having difficulty making payments on their SBA loans. Teams comprised of experienced SBDC Business Analysts, supported by independent consultants and successful entrepreneurs will assist companies with a broad range of services as business advisers and mentors. The teams will also convene "Entrepreneur Boot Camps" to provide intensive training for owners and managers of early-stage ventures as well as for individuals interested in forming new ventures in the region. This program is already designed, so ramping-up implementation focused on regions affected by this disaster would simply be a matter of the Florida SBDC Network securing the resources for capacity building/staffing. The Florida SBDC Network has 35 offices statewide, and 60 outreach centers staffed by over 90 full-time Certified Business Analysts. The SBDC also operates a Business Resource Network and Advisory Board Program, which are comprised of over 500 volunteers who sever as mentors and advisers to SBDC clients. The Florida SBDC Network has a 34 year track record of providing technical assistance and training for SMEs. The SBDC has be recipient of over \$200 million in federal, state, local and corporate contracts to provide services to SMEs across Florida.

www.FloridaSBDC.org

- **Micro-loan Program** \$25 million

The region also also need a "low doc" micro-loan program to supplement the FL Emergency Bridge Loan and SBA Economic Injury Disaster Loan programs, to assist companies to secure quick access to meet their working capital needs, retain existing jobs and create new permanent employment opportunities for workers displaced by the Deepwater Horizon disaster. The Florida Finance Network, a consortium of state-supported Certified Development Corporations, which includes Florida First Capital Finance Corporation, administrators for the FL Emergency Bridge Loan Program, already has an office across the state, included in Pensacola, and a model program ready to go. This would be a revolving loan program and would be self-sufficient after an initial appropriation. www.floridafinance.org

NOTE: FFCFC and the Florida SBDC Network jointly administer the FL Emergency Bridge Loan Program and the Deepwater Horizon Disaster Response website FloridaOilHelp.com. The US SBA Disaster Assistance representatives, deployed to Florida to assist with the SBA Economic Injury Disaster Loan Program are co-located in the Florida SBDC Network's offices in the counties covered under the Federal Disaster Declaration. SBDC Certified Business Analysts assist SMEs with both Bridge Loan and EIDL loan application preparation.

- **Home-buyer Tax Credit** (\$8000 x 100,000 units \$800,000,000)

Property sales were already an issue in the region. The federal government offered a nationwide "\$8,000 First Time Home-buyer" tax credit as a mechanism to stimulate home sales and boost the national economy. Using

the same model, the same incentive could be offered in to stimulate the sale of properties in the Federal Disaster Areas affected by the Deepwater Horizon disaster. Instead of First Time buyers, the credit could be for the purchase of any residential property by all buyers.

- **Discounted Home Mortgage Loans for Buyers and Refinancing (\$500 million from BP fund)**

A second incentive to help stimulate the real estate market in areas affected by the disaster would be to offer discounted mortgage rates for buyers of homes in the affected areas. In addition to the tax credit, offering 2% mortgage rates to qualified buyers would help to increase home sales in the region. Existing property owners could also apply for to refinance their homes at the same 2% rate.

- **Tourism Industry Vouchers (\$50 million/year from BP fund)**

After listening to concerns expressed by owners of vacation rental properties and hotels about the number of cancellations they had received during the first weeks after the oil slick appeared in the Gulf off the coast of Florida, I suggested that they offer their customers incentives not to cancel, including no penalty fees if we end up with oil on the beaches before they arrive. I have since been told by property owners, rental agents and the Santa Rosa Island Authority that the problem with that recommendation was their customers were worried that if they waited until the oil hit our beaches, even though there would be no penalty fees, they would have to pay re-booking fees of \$100 to \$150 and potentially higher last-minute fares for airline tickets, as well as potentially higher rates if they made last minute arrangements for other vacation accommodations.

In June, I provided the Governor and VisitFlorida with an alternative recommendation on how to respond to this event. My suggestion for their consideration was intended to serve as a catalyst to get more visitors from out-of-state to consider a Florida vacation destination this year. In addition to the current publicity campaign, what if Visit Florida offered accommodations owners and travel professionals an additional incentive to attract customers to Florida? If a vacation is booked at any rental accommodation in Florida between now and the end of the year, if there is oil on the Florida beaches anywhere near the accommodations (say within 25 or 50 miles), Visit Florida will guarantee that no penalties will be assessed by the rental property. In addition, VisitFlorida will reimburse travelers for any cancellation fees or re-booking fees charged by airline, train or bus companies for travel into Florida. Further, if a vacationer cancels due to oil on the beaches, and if they re-book a vacation anywhere in Florida, anytime within the next year, VisitFlorida will provide a voucher to travelers, good toward travel to Florida, and/or for accommodation rental in Florida. VisitFlorida could offer a voucher of \$150 per traveler for tickets, and maybe a rental accommodation voucher of up to \$100/night.

As an added incentive to retain customers, VisitFlorida could offer vouchers similar to these for visitors who do not cancel their trip if the oil hits our beaches, and also attract new customers if you offer a similar incentive if they book a Florida vacation after 01 June 2010, for travel between now and 31 December. We all want to accelerate the recovery in our region. I believe an incentives program to attract and retain vacation customers would complement the millions we are spending on advertising our beautiful beaches.

- **Agriculture Subsidies for Gulf Fishing (\$250 million/year from BP fund)**

Provide subsidies to Gulf of Mexico commercial fisherman. Underwrite per pound takes of fish and seafood, similar to what is done for wheat, corn and dairy. Provide an incentive of 15% over market price to encourage commercial fishing and reemployment of their workforce.

Part II

Add Gulf fish and seafood to federal school lunch programs. Provide deep discounts to schools that purchase seafood from the Gulf. Multiple benefits, in addition to creating a new market for Gulf seafood, enhances the nutritional value of the school lunch program and may result in exposing student to a fish and seafood diet that they may not experience in their homes. Creates the opportunity for the development of a new generation of

customers who learn to enjoy seafood and promotes a healthier diet while still in school. An added value would be children encouraging their parents to add seafood to their diets at home, improve the health of the entire family.

I hope these ideas are useful.

Thank you,

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