

Testimony of Bert Mathews
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Thank you Senator Alexander, Senator Dorgan and members of the Senate Energy and Water Development Appropriations Subcommittee for inviting the business community to address actions to prevent loss of life and property from floods.

I bring both a personal perspective, as a business owner with flood damage, and a broader perspective, as chairman of the Nashville Area Chamber of Commerce.

First of all, thank you for your response to our community. Our congressional delegation, FEMA, HUD, SBA, and the Departments of Commerce and Homeland Security were on the ground immediately to respond to community needs.

From our experiences, we've learned three lessons:

- First: With better warning, businesses could have saved hundreds of millions of dollars of losses;
- Second: Federal disaster assistance for business needs to be modernized; and
- Third: The federal government must have mechanisms in place to mitigate future disasters.

In the past 12 weeks, we have worked with government and business to gather economic impact information and have learned that:

- More than 2,700 Davidson County businesses were impacted, accounting for nearly 15,000 jobs;
- An estimated 450 businesses have not reopened, and more than 1,500 jobs are unlikely to return;
- Businesses interviewed to date estimate losses over \$300 million;
- Of these businesses, operating capacity is 39 percent and is expected to be 67 percent in 12 months;
- Other cities with past floods report that 30 – 60 percent of businesses affected could fail; and
- Support is critical in the first three weeks.

The flood has had a recession-like impact. Damages are expected to negate projected GDP gains, which effectively puts the region into its third consecutive year of recession.

Our initial assessment based on actual business experiences results in these lessons and recommendations:

First Lesson: Timely and accurate warning could have saved hundreds of millions of dollars.

John Johnson of Mid-South Wire said he needed timely updates on expected flood levels. With 6 more hours of warning, they could have saved \$3 – 4 million of inventory and equipment.

Colin Reed of Gaylord Entertainment Company said they received inaccurate water level predictions and expressed frustration with the lack of coordinated and consistent communication between the Army Corps of Engineers and National Weather Service.

We recommend the federal government:

- Provide resources to the Army Corps of Engineers and National Weather Service to better predict and communicate flood levels and impact;
- Create a coordinated communications plan that reaches business; and
- Integrate business into federal emergency response activity.

Second Lesson: Business recovery resources are limited. Federal support needs to be easier, faster and built to help, not frustrate.

Denise Full of Custom Fit Accounting and Tax said the SBA could not fill her immediate capital and cash flow needs.

Ben Jumper of Soundcheck said the SBA should increase the application loan limit from \$1 million so businesses can apply for what they need in one application.

We recommend the federal government:

- Modernize and maximize disaster assistance to fit today's business needs;
- Increase SBA initial application loan limits from \$1 million;
- Increase the speed in which businesses can receive funding;
- Amend the federal cost-share for FEMA from 75 to 90 percent;
- Adequately fund federal disaster assistance; and
- Determine what federal information about damaged businesses can be shared with local business organizations to accelerate response and recovery.

Third Lesson: Federal agencies must have the mechanisms to mitigate the effects of future disasters.

Craig Phillip of Ingram Barge Company explained that the unique Cumberland River topography –narrow with many tributaries – caused the water to rise very quickly, necessitating systems to better control water flow.

Alan Valentine of the Nashville Symphony said the saturation of the ground and water table beneath the Schermerhorn Symphony Center created a situation where there was nowhere for the water to go.

We recommend the federal government:

- Assess how the Army Corps of Engineers can better mitigate floods through the Cumberland River's current dam system; and
- Provide the National Weather Service with modeling capabilities to better predict and communicate flood levels.

In conclusion, personal and job recovery must go hand-in-hand. Businesses and their employees experienced great losses that could have been prevented.

We know our recommendations come with a cost, but we hope you find our presentation helpful as you consider how to prevent this level of damage and loss in the future.

Thank you again for all the federal government has done – and will continue to do – for our communities' emergency response and recovery efforts and for the opportunity to be here.