



Testimony by

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Chairwoman Titus, Ranking Member Meadows, and members of the Subcommittee, it is a pleasure and a privilege to appear before you today to testify on behalf of the Department of Commerce's Economic Development Administration (EDA). EDA welcomes this hearing as an opportunity to discuss our role in post-disaster, long-term recovery efforts in communities hard hit by natural disasters.

Restoring economic prosperity to all parts of this great nation is an important priority to this Administration. A strong economy is critical to helping communities hit by natural disasters get back on their feet, and the Administration's successes in cutting taxes, reducing regulatory burdens, and negotiating free and fair trade agreements are helping to ensure that the economic outlook continues to improve. EDA is presently operating under the Continuing Appropriations Act, 2020, and Health Extenders Act of 2019 (Pub. L. 116-59) for the current fiscal year (FY) as well as balances remaining from \$1.2 billion in disaster supplemental funding provided by the Bipartisan Budget Act of 2018 (Pub. L. 115-123) and the Additional Supplemental

Appropriations for Disaster Relief Act of 2019 (Pub. L. 116-20) for disaster relief and recovery under the Stafford Act.

Shortly after Congress appropriated the first \$600 million in supplemental disaster funds to EDA for disasters occurring in calendar year 2017, EDA took a number of proactive steps to effectively manage the significant increase in grant-making activity required by this infusion of disaster relief funds. One important step was the establishment of four Disaster Supplemental Implementation (DSI) Working Groups to maintain focused, well-coordinated oversight and administration of EDA's disaster supplemental funding. The four DSI teams include: (1) Communications; (2) Data and Tools; (3) Coordination and Operations; and (4) Hiring and Training. For most of the past year, the DSI Working Groups met weekly and reported to EDA leadership on a bi-weekly basis.

These teams have played a critical role in enabling the agency to manage the significant increase in funding while mitigating agency risk. For example, Hiring and Training devised an internal strategic workforce policy and procedure document to efficiently enlist and on-board temporary disaster mission focused employees. Coordination and Operations drafted and promulgated guidance clarifying the requirements for documenting metrics and impacts related to disaster supplemental projects and promulgated EDA's plan for accountability and internal controls for the disaster supplemental funds, as required by law and the Office of Management and Budget. Data and Tools implemented a new mechanism for tracking and reporting projects funded under the disaster supplemental and published a new public-facing dataset of all grants made under the disaster supplemental, thereby increasing transparency into EDA's disaster funding. Communications has worked to inform the public on where EDA's disaster recovery efforts are happening on the ground in real time through the use of EDA digital media, monthly

newsletters, success stories, and senior leader speaking events to show the American public and prospective grantees what EDA's role is with regard to economic recovery in designated disaster areas.

EDA is currently updating the DSI model with lessons learned over the last year and half, making us even more effective under the new disaster supplemental Congress provided in June of 2019 for calendar year 2018 disasters as well as floods and tornadoes occurring in calendar year 2019.

EDA's Role in Disaster Recovery

Grants to communities recovering from natural disasters

EDA's role in disaster recovery is to facilitate the timely and effective delivery of federal economic development assistance to support long-term community economic recovery through planning and project implementation, redevelopment, and resiliency. EDA coordinates regional disaster recovery efforts in partnership with an extensive network of 392 Economic Development Districts (EDDs), 52 Tribal Partnership Planning organizations, 64 University Centers, institutions of higher education, and other partners in impacted areas. In FY 2018, under the Bipartisan Budget Act of 2018, EDA made \$587 million available to eligible grantees in communities where the President declared a major disaster under the Stafford Act as a result of Hurricanes Harvey, Irma, and Maria, wildfires, and other natural disasters in 2017. EDA's Disaster Supplemental Notice of Funding Opportunity (NOFO) was published on April 10, 2018. Under this NOFO, EDA awarded disaster grants through the agency's Economic Adjustment Assistance (EAA) Program. The EAA program is EDA's most flexible tool and it allows the agency to make awards that support a wide range of construction and non-

construction activities in areas that experience sudden and prolonged severe economic dislocation, as happens with a major natural disaster. It is essential that applications are linked to long-term, regionally-oriented, and collaborative economic development strategies that foster economic growth and resilience. There are no application deadlines and the agency will continue to accept proposals on a rolling basis until all funds are obligated.

As of September 30, 2019, EDA has obligated \$463 million or 79 percent of its \$587 million in programmatic FY 2018 disaster supplemental funding in 174 awards to communities across the country. EDA is also actively evaluating an additional 38 proposals and applications, which, if funded, would account for 100 percent of EDA's FY 2018 disaster supplemental appropriation.

Below are representative examples of EDA's concerted effort in support of economic recovery from the 2017 disasters under the FY 2018 Disaster Supplemental:

- **Marina Improvements and Marine Sciences Center Facility in Port Aransas, TX**

1. **Port Aransas Marina, \$5 million.** When Hurricane Harvey made landfall on August 25, 2017, the eye of the storm passed 10 miles north of the City of Port Aransas, inundating the town with storm surge and winds exceeding 140 mph. As the town was evacuated, the storm disrupted businesses and destroyed essential infrastructure, including the Port Aransas Municipal Marina. In the wake of this destruction, City residents had to look outside of Port Aransas for work and the revenue from the City's marina, usually over \$600,000 per year, decreased by 43 percent. As part of City's overall recovery and resiliency plan, the City planned to rebuild and improve the marina, ensuring that it was built back stronger and more resilient. **EDA provided the City a \$5 million grant in October 2018**, to purchase property needed to house essential infrastructure and make much needed enhancements to protect against future storms, including improvements to floating and fixed docks as well as a pavilion and Harbor Master Office. This investment will help to restore the local economy quickly in the wake of the storm, bringing jobs and revenue that allowed the community to focus on other urgent long-term recovery needs.

2. Marine Sciences Center, \$5 million. The Center for Coastal Ocean Science (CCOS) comprises two waterfront buildings on the University of Texas Marine Science Institute Port Street campus in Port Aransas, that were already in a state of significant disrepair and were further damaged by Hurricane Harvey in 2017. On August 1, 2019, EDA awarded a \$5 million grant to University of Texas to renovate the Marine Science Institute Campus to help establish the CCOS. This investment focused on diversifying and strengthening the regional economy to support the region's recovery and long-term economic growth.

- **City of West Orange, TX, Wastewater Treatment Plant (Opportunity Zone), \$5 Million**

In September 2019, EDA awarded the City of West Orange, TX, \$5 million to support the design and construction of a new wastewater treatment plant located in an area impacted by Hurricane Harvey in 2017. The facility will support new and existing industrial customers in the area, as well as improve long-term economic resiliency, particularly during disasters.

EDA's Economic Development Integration efforts factored into the development of this project as the Field Coordinators assigned to lead the Federal Emergency Management Agency's (FEMA) Economic Recovery Support Function (ERSF) for Harvey-impacted communities collaborated with other federal, state, and local representatives to discuss projects with unmet funding needs. This collaboration led to the identification of the wastewater treatment plant project that will add capacity to existing infrastructure and support retention of the area's existing industry while at the same time allowing for future growth.

- **Puerto Rico (Opportunity Zone)**

1. **\$33 million for economic resiliency and business growth projects.** In September 2019, EDA announced nearly \$33 million in grant investments to assist Puerto Rico with advancing economic resiliency and business growth efforts in the wake of the devastating 2017 hurricane season. The grants will be matched with \$4.3 million in local funds and are expected to help create or retain 7,635 jobs and generate \$188 million in private investment. All projects are in Opportunity Zones, which I will discuss shortly.

2. **Capacity Building for Economic Growth and Resilience, University Memorandum of Understanding (MOU).** On August 8, 2019, the University of Puerto Rico (UPR) and the University of the Virgin Islands (UVI) signed a historic MOU to strengthen recovery initiatives in the Caribbean Region after the devastating

impacts of hurricanes Irma and Maria in 2017. The MOU was the direct result of the commitment EDA has to recovery efforts in Puerto Rico and U.S. Virgin Islands (USVI), and our on the ground assistance as coordinator of the ERSF. The MOU will enable collaboration between the two institutions on research related to economic growth, development, resiliency, and sustainability.

- **Biomass Bulk Storage Facility, Panama City, FL, \$10 million.** In July 2019, EDA awarded a \$10 million grant to the Panama City Port Authority of Panama City, Florida, to help build a new biomass bulk storage facility at the Port. The project, to be matched with \$3.2 million in state investment, is expected to generate \$70 million in private investment. The facility will be built to withstand hurricane force winds and will provide additional storage capacity reducing product damage resulting from natural disasters. The project will allow for increased flow of biomass exports and prevent job loss in an area of Florida affected by Hurricane Irma as well as Michael.
- **Recapitalized Revolving Loan Fund, Superior California Economic Development District, \$880K.** In May 2019, EDA awarded \$880,000 to Superior California Economic Development District of Redding, CA to recapitalize a Revolving Loan Fund and provide technical assistance to potential borrowers in disaster-impacted counties of Modoc, Shasta, Siskiyou, and Trinity. This Revolving Loan Fund will provide affordable loans to businesses that might not qualify for conventional financing to support their recovery and expansion plans. This project capitalizes a revolving loan fund in Redding, California to help businesses in the impacted counties become more resilient to natural disasters such as winter storms, flooding, mudslides, and wildfires that affected the area in 2017 and the Carr Fire in 2018.

EDA's Coordination Role

EDA, on behalf of the Department of Commerce, also plays a crucial role as the designated Coordinating Agency of the ERSF under the federal government's Natural Disaster Recovery Framework (NDRF). In this capacity, EDA provides leadership and coordination for primary and support agencies, which share a role in the provision of grants, loans, training, and other forms of assistance to support economic recovery efforts in disaster-impacted communities and regions.

In the disaster recovery framework, EDA coordinates with other federal agencies in two

areas that vary depending on whether EDA is working in the context of the NDRF or under the auspices of a supplemental disaster appropriation. First, EDA manages the interagency Economic Recovery Support Function (ERSF), which includes the Small Business Administration, U.S. Department of Agriculture, FEMA, Department of Housing and Urban Development, Environmental Protection Agency, Department of Labor, Internal Revenue Service, Department of the Treasury, and other Department of Commerce bureaus, to share information and to facilitate interagency coordination. Later, in disaster locations, whether under the NRSF or acting pursuant to a supplemental disaster appropriation, EDA coordinates with other agencies at the Joint Field Office (JFO), including inviting federal agencies to participate in EDA organized economic recovery workshops and assisting communities to navigate multiple federal resources at once. EDA initiates individual conversations with federal agencies about specific issues of overlapping interest, including complementary funding streams and specific projects of mutual interest. EDA also plays an active role supporting other NDRF Recovery Support Functions that complement and align with the ERSF, including Community Planning and Capacity Building, Health and Social Services, Housing, Infrastructure Systems, and Natural and Cultural Resources.

EDA meets regularly with these other federal agencies to ensure a coordinated recovery effort. With EDA's support and in the interest of transparency, the Recovery Support Function Leadership Group has also set up a public-facing website (<https://recovery.fema.gov/>) to display disaster supplemental funding and to highlight our continuing work in the field.

Opportunity Zones

An important new tool in EDA's disaster recovery tool box is Opportunity Zones. As you know, Opportunity Zones were created under the 2017 Tax Cuts and Jobs Act to stimulate economic development and job creation by incentivizing long-term investments in disadvantaged areas across the country.

As the agency whose principal role is to make investments in economically distressed communities to generate jobs, foster resiliency, and accelerate long-term growth, the Opportunity Zones initiative fits hand in glove with EDA's mission.

As such, EDA has been working to promote Opportunity Zone investments across the country, both within the government and in the private sector, and is making grants in Opportunity Zones in communities impacted by natural disasters.

As part of the White House Opportunity and Revitalization Council (WHORC), EDA's Assistant Secretary John Fleming has provided overviews of EDA's role in the initiative at roundtables, conferences, and other events that are bringing together local elected officials, business leaders, and community groups across the country.

On the policy front, in FY 2018, EDA issued a NOFO, making public works and economic adjustment projects in Opportunity Zones eligible for EDA assistance as a special need criteria.

In June 2019, EDA added Opportunity Zones as one of our five Investment Priorities to help significantly increase the number of catalytic Opportunity Zone-related projects that communities submit to EDA and that EDA subsequently funds.

Since FY 2018, EDA has invested more than \$304 million in 214 projects in or nearby Opportunity Zones and in Opportunity Zone-related projects. This includes over \$159.7 million

in 42 projects that were eligible for and funded via the FY 2018 Disaster Supplemental appropriation.

Our work has not stopped there.

There are also several tasks EDA is working on as a member of the WHORC Policy Coordination Committee, including designating an Economic Development Integration point of contact in each of EDA's six regions – and one at Headquarters – to be a resource on Opportunity Zones.

EDA is working with our partners to develop a new section in EDA's Comprehensive Economic Development Strategy, or CEDS, Content Guidelines. As some of you know, CEDS is a strategy-driven plan for regional economic development and a cornerstone of EDA programs. It's an ideal vehicle that we are enhancing to encourage our Economic Development Districts, or EDDs, and our other partners to help better integrate Opportunity Zones within their service areas. In a disaster recovery context, this addition is anticipated to complement the CEDS Content Guidelines existing on-going focus on resiliency.

We're also working to expand our partnerships with external entities to provide them with information on Opportunity Zones, outline EDA resources available to them, identify training opportunities, and more.

In addition, we are ramping up an outreach effort to Governors, particularly in states impacted by natural disasters, to learn how states are supporting Opportunity Zones, where best practices reside, what challenges exist, and to further explain EDA's role and how we can complement state and local Opportunity Zone initiatives.

Conclusion

Members of the Subcommittee, thank you for the opportunity to address EDA's efforts to enhance the global competitiveness of America's regions. I am proud of the agency's long history and its critical role in supporting communities needing to make long-term investments following natural disasters. I look forward to answering any questions you may have.