

“WE LACK A REGIONAL INTEGRATED RISK MANAGEMENT PROCESS”

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In our second contribution on CALIFORNIA, we have interviewed Paula Scalingi, Ph.D., Executive Director of Bay Area Center for Regional Disaster Resilience, who will hold a speech at the DRI International Conference on July 10, in San Rafael, CA.

JRCC: Dr. Scalingi, on July 10 you will be participating at the DRI International Conference to be held at the Dominican University of California in San Rafael, CA. You have been a senior manager in the private sector and the government and you are now an Executive Director of a non-profit public benefit corporation focusing on disaster resilience. What are you going to present, what will be your message?

Dr. Paula Scalingi: My focus is on the need for businesses and other organizations in today’s increasingly complex and interconnected operating environment to factor into continuity planning external physical and electronic dependencies and interdependences of their assets, systems, and supply chains under all-hazard scenarios or other conditions of stress. I emphasize that to accomplish this, planners must take a regional approach to assessing and managing risk that requires unprecedented collaboration, data sharing, and a standardized way to analyze risk across diverse organizations. We currently lack a regional integrated risk management process to accomplish this. Yet, it is essential for operational resilience, which at its most basic is the ability of an organization to face adversity and continue functioning, and if damaged or disrupted, return quickly to normal operations or a “new normal.” Unfortunately, there are significant constraints—technological and other resource-related, functional, cultural, and political—that impede development of this integrated regional risk management approach and supporting

capabilities necessary to identify and validate decision-making and investments. In my presentation, I highlight these constraints, efforts currently underway to develop a regional risk management approach and supporting capabilities, and steps that innovative organizations can take to address these constraints.

JRCC: What is your Center's main mission, how was it developed, and what are some of its activities?

Dr. Paula Scalingi: We established the Bay Area Center for Regional Disaster Resilience four years ago to raise awareness and empower cross-sector/discipline and multi-jurisdiction action to address all-hazards disasters; health, safety, economic, environmental, and societal consequences; and preparedness gaps and improvement measures. The Center is modeled on a successful "sister" Center for Regional Disaster Resilience in Seattle, WA. I co-founded in 2006 for a U.S.-Canadian cross border consortium of ten states and provinces called the Pacific NorthWest Economic Region. Our Bay Area Center assists organizations and associations across a 12-county, 100-plus city region to move toward sustainable regional and community resilience. We do this through information sharing and collaboration, education and exercises, and implementing improvement activities. Since its creation, the Bay Area Center has built a Resilient Bay Area Coalition of more than 1000 government, private sector and non-profit organizations, developed more than two dozen workshops and exercises focusing on disaster recovery, infrastructure interdependencies and regional risk, situational awareness, supply chain resilience, defense support to civil authorities, community health resilience, climate change extreme events, lessons learned from recent disasters, and regional cyber resilience.

JRCC: We imagine based on your work with public and private sector organizations to improve continuity and resilience that your Center has been assisting them to get a better idea of risk priorities for the San Francisco Bay Area. If so, what are the most important risks that should be addressed?

Dr. Paula Scalingi: Top hazards for the Bay Area are high-magnitude earthquakes that will cause catastrophic damage with tens of thousands of casualties and widespread damage to infrastructure that will devastate the regional economy and environment. Other major hazards are significant flooding from winter storms combined with storm surge, annual King Tides, and sea-level rise; extreme drought (with which we are dealing now) and wildfires. There has been a much activity throughout the Bay Area these past four years to identify preparedness gaps and some work on improving capabilities to meet the gaps for these top hazards. But knowing the priority hazards, which are obvious, does not equate to understanding the related risk —extent of damage, disruption, and restoration challenges for interdependent infrastructure, what mitigation actions and investments are necessary, and how these decisions will be made. A significant complicating factor is the organizational, institutional, and professional "siloes" that impede collaboration necessary to make these decisions. One of the most important tasks for our Center is building collaboration and professional relationships through development and conduct of workshops and tabletop exercises with key practitioners and experts from diverse constituencies.

JRCC: Which are the most vulnerable targets of these risks?

Dr. Paula Scalingi: We are most concerned about the resilience of lifelines—energy (electric power, natural gas, fuels), water and waste water systems, communications and critical IT systems, and transportation systems,—and healthcare facilities and the healthcare supply chains that support them. These interdependent critical infrastructures are the foundation and essential for resilient organizations, communities, and regions, and are the most problematic to restore in terms of cost and time to return to service. In this regard, much more attention needs to be paid to two areas: impacts of cyber attacks and disruptions of these critical infrastructures and recovery needs, and toxic emissions from the many industrial and other sites throughout the Bay Area, including five oil refineries that store, use, transport, or produce hazardous materials.

JRCC: What are the biggest challenges you see in getting organizations to collaborate to assess regional risk? What would you propose to help focus organizations on their external dependencies and interdependencies that determine their continuity and resilience?

Dr. Paula Scalingi: I have learned from working with thousands of organizations in regions across the U.S. and in Canada that talking about how threats and hazards can affect their assets does not get much attention. What works is recruiting a small planning team of senior government and private sector professionals who have operational responsibilities for emergency management, continuity, risk management, or public health—and help them design and conduct an interdependencies table top (scenario-based discussion) exercise. Participants will be the broad range of stakeholder organizations instrumental for resilience. Such stakeholder-developed table top exercises will identify unknown or unappreciated vulnerabilities and gaps that can be included in an action plan of collaborative improvement activities. At the same time, such exercises will build the necessary public-private partnership necessary to address regional risk.

JRCC: How do you raise the risk awareness of key practitioners, the population at large, at-risk constituencies (e.g., the elderly, disabled, children, and economically challenged individuals), and ethnic groups?

Dr. Paula Scalingi: The U.S. Federal Emergency Management Agency (FEMA) several years ago adopted “whole community engagement” as a priority disaster preparedness goal. While it is a laudable goal, one of the biggest challenges we face is getting understaffed, busy emergency managers and public health officials to include non-traditional “civilian” organizations in preparedness planning and exercises. Likewise, businesses in continuity planning commonly don’t consider implications for at-risk individuals. I am happy to say we do have a few larger utilities in the Bay Area that are holding exercises with groups that serve these individuals. But what is needed is a public outreach, engagement, and information plan for preparedness and resilience that targets these different constituencies with communications tools and mechanisms tailored for each, and produced in multiple languages.

JRCC: With regard to risk communication efforts, who are the main communicators in the Bay Area?

Dr. Paula Scalingi: Each county and many cities have their own risk communication approaches, as do major utilities. There is recognition that in a regional emergency event there should be coordinated public information messaging, and steps are underway to develop a

regional Joint Information System. How this will function in a region as diverse and “Balkanized” as the Bay Area remains to be worked out.

JRCC: *Can you name and describe initiatives, which are directed to all stakeholders of a given risk?*

Dr. Paula Scalingi: There are now a large and growing number of regional and sector-specific public-private partnerships and other stakeholder coalitions throughout the U.S. (and in several other nations) and many of these are including business and non-profit stakeholders in risk-focused exercises and other activities. In California, there are stakeholder coalitions in San Diego, Los Angeles, as well as the Bay Area. An example of a multi-state partnership is the Mid-Atlantic All Hazards Consortium; for a state, Safeguard Iowa Partnership and the New Jersey Business Force; and for a regional partnership, the Southeast Wisconsin Homeland Security Partnership, Puget Sound Partnership, and New Orleans Emergency Preparedness Partnership.

JRCC: *According to Swiss Re, only 11% of residential properties are insured for earthquake risk in California. For commercial properties, the rate is much higher, but likely insufficient, particularly in the public entity space. In your opinion, what are the reasons for this and what could and should be done?*

Dr. Paula Scalingi: Earthquake damages are not covered by the standard homeowner’s insurance policy, but coverage can be purchased in most states. Basically, earthquake insurance is designed to protect the insurers. Damage and destruction of residential and commercial structures would be too extensive and costly for insurance companies to handle. Consequently, the premiums are highest in high-risk regions and not affordable for most homeowners. Moreover, deductibles are much too high and the coverage significantly limited. For homeowners the risk of earthquake damage is outweighed by these factors. Earthquake insurance would need to be significantly restructured for homeowners to purchase. In the meantime, the great mass of uninsured poses a significant threat to economic and societal recovery when a major earthquake occurs in California.

JRCC: **Thank you very much for this interview.**

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