

Bouncing Back: Lessons Learned from Hurricanes®

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INTRODUCTION

According to weather experts, 1995 marked the start of a new cycle of increased hurricane activity that is predicted to last for 30 years. If the 2004 and 2005 Atlantic hurricane seasons are any indication of this trend, the bad news is that we've got 20 more years to go. The good news, however, is that there are plenty of steps we can take to help protect our businesses.

LESSON #1: EXPECT THE UNEXPECTED

Hurricanes can and do change course. This can happen long before they hit land or just before they hit land. University of Florida Extension Agent Laura Miller describes the cone of error as more of a giant basketball of error. Hopefully, we have all learned by now to prepare if we are anywhere in the shaded region, not just directly in the path of the little black line. Sitting back and hoping for the best is not an acceptable strategy.

In 2004, Hurricane Charley took an unexpected turn and hit Port Charlotte instead of Tampa Bay. In 2005, Hurricane Katrina dipped south in the eleventh hour, striking the unprepared Homestead area. In both cases, growers were caught off guard.

Many thought a Category 1 storm wouldn't do much damage. They were wrong. When Hurricane Katrina hit South Florida as a Category 1, it caused estimated damages of \$370 million to nurseries. The lesson learned here is to be prepared and treat all hurricanes as a serious threat, no matter what category they are.

LESSON #2: INSURE 'TIL IT HURTS

After the hurricanes, many growers found themselves woefully underinsured. To prevent this from happening, keep your insurance policies updated. Know exactly what your policy does and does not cover. Meet with your insurance agent annually at your nursery so that any changes or additions to structures and equipment can be examined and adequately covered. Buy the most coverage you can afford.

Read your policy and ask questions if you don't fully understand it. Know what coverage you are buying, what your deductibles are, and if your coverage is enough to get you back in business in case of a catastrophe. Understand how your structures (especially greenhouses) are valued. For example, if actual cash value is used, buildings are valued on their useful life, not their replacement cost.

Know how poly is treated. Some carriers don't include coverage for soft roofs. Others cover them on an actual cash-value basis, which could be as short as 3 years. Many growers recommend cutting poly to save houses, but check with your insurance company. For example, Hortica makes no recommendations regarding cutting poly and says that cutting poly is done at the insureds' discretion and risk. If an insured grower cuts the poly, and the storm would not otherwise have damaged it, Hortica will not pay for the poly covering or resulting damages.

Make sure you have adequate personal property insurance coverage. At peak times of the year, pot, sleeve, basket, and tag values may be considerably higher than reported on your policy.

Consider co-insurance. If your building is insured for less than it would cost to rebuild it, you could be penalized by the percentage you are underinsured. You don't need to experience a complete loss for co-insurance to take effect. Be sure to value your buildings based on what it would cost to replace them in today's market.

Business insurance can protect you from loss of business and profits in the event that you are out of business for an extended period of time.

The federal nursery crop insurance policy period recently changed from Oct. 1–Sept. 30 to June 1–May 31. The most current updates to the policy can be viewed online at <www.rma.usda.gov/regs/05nurseryfinalrule.pdf>. The following are important policy points to remember:

- The policy carries a yearly cumulative deductible, not a per-occurrence deductible.
- Growers can buy a new policy up to 30 days before the end of the crop year.
- Crop insurance includes 15 basic units for container crops. Each unit stands on its own for deductibles and coverage levels — as long as you buy up to a higher coverage level than catastrophe.
- Catastrophe coverage levels range from 27% to 75% of total values.
- Different coverage levels can be purchased for container- and field-grown crops.
- Container-grown palms and cycads have been added to the policy.
- Liners, down to 1 inch in diameter, have also been added to the policy. Note, however, that not all 288 cells are 1-inch wide! So be sure to measure your cells to know if they're covered.
- A new coverage option for field-grown nurseries called the Rehabilitation Endorsement pays up to 7.5% of values for the labor to stake, tie, or reposition trees damaged by an insured cause of loss. A loss of 2% or \$5,000 is required for payment.

LESSON #3: PREPARE YOUR NURSERY

Items to stockpile prior to hurricane season include spare irrigation parts, fuel, water, stakes, poly, building materials for structural repairs, potting soil, and fungicides. Make sure you have enough generator power to run pumps and other vital operations. According to Paul Moellering of Stateline, an affiliate of Tradewinds Corporation, some insurance carriers will not insure an agricultural operation without a sufficient standby power source. He also advises that it is more cost effective to add kilowatts when you purchase a generator than to try to add more later on. He recommends working with an electrician to determine the size and type of generator that's right for your operation. Keep generators properly maintained and test them at least twice per year to make sure they are working. The most important maintenance is the first oil change, recommended just 50 h after initial use. Yearly oil changes and new filters should keep your generator running smoothly.

Create a list of emergency numbers, including crop and property insurance agents, your local Farm Service Agency office, and local police, fire, and utility companies.

Other essential steps in preparing your nursery for a hurricane include the following:

- Inventory your plants and equipment.
- Charge cell phone and other batteries.

- Water plants fully prior to a storm and lay potted plants 3 ft or taller down — parallel to the expected wind direction.
- Secure all loose items, such as pots, heaters, and other equipment, that could become airborne.
- Remember to protect your computers and other valuable office equipment.
- Print out payroll and inventories.
- Park trailers side-by-side to prevent tumbling.
- Turn off utilities prior to evacuation.

Immediately after a hurricane, photograph and document all damage before you clean up. Include labor-related costs directly related to storm preparation and recovery.

LESSON #4: PREPARE YOUR STAFF

Allow time for your employees to secure their homes prior to a storm. Let your labor know what shelters are available. Let them know what you expect of them after the storm. Do you want them to come to work, to call you, or to stay with their families?

LESSON #5: AID AWARENESS

Knowing the basics of disaster assistance programs available through USDA's Farm Service Agency (FSA) can save time and frustration. Here is a brief overview:

The Emergency Conservation Program (ECP) provides cost-share assistance to rehabilitate agricultural land damaged by natural disasters. Participants receive up to 75% of the costs to implement approved ECP practices.

Florida Representative Mario Diaz-Balart introduced a bill in October 2005 called the Nursery and Tropical Fruit Producer Relief Act (H.R. 4031). If passed, it would make shade house and greenhouse debris eligible for cost-share assistance under ECP and would allow ornamental tree growers to be eligible for cost-share assistance under the Tree Assistance Program (TAP).

Currently, TAP only covers crop-producing trees like fruit and nut trees, not ornamental trees.

To be eligible for the Crop Disaster Assistance Program, producers must have suffered greater than 35% production loss and/or more than 20% quality loss. Producers must be in compliance with highly erodible land conservation and wetland conservation provisions. Adjusted gross income (AGI) must not exceed \$2.5 million, unless more than 75% percent of the AGI is from farming, ranching, and forestry. There is an \$80,000 per person payment limitation. Note that "person" can mean many things, including an individual, a limited liability partnership, a limited liability company, a corporation, etc. Persons that received payments under the Florida Disaster Programs are not eligible for Crop Disaster Assistance payments for the same loss.

The Noninsured Crop Disaster Assistance Program provides financial assistance to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occurs due to natural disasters. To be eligible, annual gross revenue cannot exceed \$2 million. The natural disaster must have either reduced the expected unit production of the crop by more than 50% or prevented the producer from planting more than 35% of their intended crop acreage. The noninsured Crop Disaster Assistance Program covers the amount of loss greater than 50% of the expected production, based on the approved yield and reported acreage.

Emergency Loan Assistance is another FSA program. The loan limit is up to 100% of actual production or physical losses, to a maximum amount of \$500,000. The interest rate is 3.75%.

Applications must be received within 8 months of a county's disaster designation date; see <<http://disaster.fsa.usda.gov/>> for more details on FSA programs.

LESSON #6: THE TRUTH ABOUT TREES

After the hurricanes, many observations were reported on what trees held up well to the wind and what trees didn't. The University of Florida's Ed Gilman lists the best performers as palms (except queens), live oaks, Southern magnolias, hollies, and bald cypress. John Davy of Panhandle Growers says multi-trunk crape myrtles, most magnolias (except 'D.D. Blanchard'), hollies, bald cypress, and sweetgums fared well. According to Soaring Eagle Nursery, Phoenix palms held up to winds better than any other group of palms. Gumbo limbos, sea grapes, and loblolly pines also held up well. Other best performers, per Pamela Crawford in her *Storm-scaping* book, include dogwood, ironwood, Japanese maple, red bay, redberry stopper, Spanish stopper, white stopper, and sand live oak.

Gilman saw the worst damage in laurel oaks, red oaks, hickories, mahogany, southern red cedar, and peltophorum. Crawford ranks the three worst trees as Australian pines, *Ficus benjamina*, and laurel oaks. Lloyd Singleton, landscape manager at The Breakers in Palm Beach, notes that half his coconut palms died within the first month after the second hurricane last year; the rest died in spring with the new flush of growth.

Whether a tree was native or non-native seems to have not played a role in how trees fared.

Infusion of salt into the groundwater and roots of many trees could cause damage such as leaf drop or scotched foliage that may not be evident until spring, says Gilman. He recommends soil testing for salinity. If high, consider irrigation to wash the excess salt through.

According to Gilman, species is a relatively small factor in determining tree failure. Important factors include shallow water table, soil compaction, root cutting, girdling roots, presence of co-dominant stems, bark inclusions, planting trees in small spaces, planting too deep, poor ability to compartmentalize decay, and pruning history. In a University of Florida study, Cathedral oaks that had all their low branches removed had a greater lean after the hurricanes. However, oaks with long, low branches did not display any amount of lean and were firmer in the soil after the storms.

LESSON #7: SILVER LININGS

Despite all of the pain they inflict, hurricanes can bring some good. After the storms have passed, landscapes need replacement and there is strong market demand for plants. Hurricanes give us a reason to grow and sell more plants. In addition, downed trees create more full-sun landscapes, providing greater opportunities for color.

According to Florida Nursery, Growers & Landscape Association Executive Vice President Ben Bolusky, there is a political silver lining to the storms. He says that state and national legislators now have the ornamental horticulture industry clearly on their radar screens and realize its importance to the economy.

RECOMMENDED RESOURCES

- USDA's Farm Service Agency Disaster Assistance, <<http://disaster.fsa.usda.gov/fsa.asp>>.
- Storm Preparation and Dealing with the Aftermath—includes information from University of Florida, University of Georgia, and The National Arbor Day Foundation, <<http://hort.ufl.edu/woody/stormprep.htm>>.
- Florida Nursery, Growers & Landscape Association—hurricane tips and information, <www.FNGLA.com/hurricane/default.asp>.
- *Ornamental Outlook* — Bouncing Back, <www.ornamentaloutlook.com>.
- *Stormscaping: Landscaping to minimize wind damage in Florida* by Pamela Crawford.
- Hurricane preparedness list for nurseries by Tom Yeager, <<http://edis.ifas.ufl.edu/EP076>>.
- Post-hurricane Considerations for the Commercial Nursery by Tom Yeager, <<http://edis.ifas.ufl.edu/EP065>>.

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