

# **Critical Infrastructure Protection in the National Capital Region**

**Risk-Based Foundations for Resilience and  
Sustainability**

**Final Report, Volume 12:  
Designing a Roadmap to Partnership: The First  
Step – Identifying the Key Stakeholders**

**September 2005**

**University Consortium for Infrastructure Protection**

Managed by the  
Critical Infrastructure Protection Program  
School of Law  
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# Critical Infrastructure Protection in the National Capital Region

## Risk-Based Foundations for Resilience and Sustainability

### Final Report, Volume 12: Designing a Roadmap to Partnership: The First Step – Identifying the Key Stakeholders

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September 2005

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**– Notice –**

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**Designing a Roadmap for Partnership**

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## Designing a Roadmap for Partnership: The First Step—Identifying the Key Stakeholders

### I. BACKGROUND—The Need for Public-Private Partnerships to Secure Critical Infrastructures

Thanks to an abundance of research in the past ten years, significant gains have been made towards understanding the nature of critical infrastructures and how best to make them more secure to withstand disruptions, including from terrorist attacks.

Although healthy debate continues between analysts, practitioners, and researchers on this topic, all agree on one fundamental point: effective critical infrastructure protection must address the complex, multi-layered interdependencies among infrastructures. These interdependencies consist of interlinked physical, cyber and social networks (see Box 1).

Because critical infrastructures depend on each other for their own operation, the words *partnership*, *collaboration*, and *coordination* have come to characterize conversations about critical infrastructure protection. It is no longer novel to point out that infrastructure security is too broad and complex to be undertaken by one or a few actors alone – it involves an entire range of organizations across all critical sectors (see Box 2 on page 3), governments at all levels, broad business interests, non-profits, community institutions and academe.

In the United States, such collaborative efforts have been diverse and undertaken using a voluntary approach. Some provide forums for different sectors (energy, banking and finance, transportation), for example, supporting them in self-developing standards for security. Others are associations of technology providers—companies that see a vested interest in increasing market share as much as improving business continuity.

#### Box 1 - Critical infrastructures as networks

Critical infrastructures are not just physical assets such as buildings, roads, or power lines. They are overlapping networks: cyber, physical, and social. *Cyber networks* are the “collection of physical and switching and/or routing technologies (including wireless, wired, copper, cable and fiber) providing access to systems, information resources, and storage, technologies, organizations and individuals of every kind.”<sup>1</sup>

*Physical networks* include the locations of cyber-technologies, as well as highways, rail-systems, air-navigation networks, or proximate physical structures. *Social networks* include institutions (people and procedures). All three kinds of infrastructure networks are present in the *development and distribution of critical products and services that provide national and economic security, public health and confidence.*

### RESILIENCY, REGIONAL PLANNING, & INFRASTRUCTURE PROTECTION

Infrastructure security is increasingly discussed using the term *resilience*. Examples abound: in 2006, Washington DC will host the 5<sup>th</sup> Annual conference on Critical Infrastructure Resilience, to discuss infrastructure security for the built environment. Work at all levels is currently described in terms of critical infrastructure resilience, from large-scale national forums like The Infrastructure Security Partnership (TISP)<sup>i</sup> to smaller-scale groups such as the Critical Infrastructure Task Force of the Homeland Security Advisory Council.<sup>ii</sup> Resilience is also the theme of choice for critical infrastructure projects in the UK – for instance the UK Resilience Initiative of the Civil Contingencies Secretariat under the Cabinet Office, and London Resilience

(a multi-stakeholder initiative like the one proposed in this report) – and efforts in Canada such as the National Critical Infrastructure Assurance Program.<sup>iii</sup>

Resiliency is not a new concept, and its application in infrastructure security and regional preparedness is becoming customary. Resilience – that is, the ability to withstand or rebound from adversity – has been well-documented in fields like biology, psychology, sociology, and immunology. Findings from these fields about what makes for resilient eco-systems, physiological systems and individuals, have enabled us to begin answering what makes for resiliency in other kinds of “systems” – infrastructure systems, and regions as a whole.<sup>iv</sup>

In general, resilient systems display three general characteristics.<sup>v</sup>

**Defining Resilience**

- The magnitude of shock a system can *absorb and continue to provide services*
- The degree to which the system is capable of *self-organization (rapid restoration of services)*
- The degree to which the system can build *capacity for learning and adaptation*

to

**Diversity** – Diversity refers to various and multiple roles, functions, and response capabilities, opportunities and options of the organizations, agencies and people in it. For example, the capabilities of public, private and civic actors in preparing for disaster preparedness are diverse, but complementary and extremely powerful *when combined*. Likewise, the combination of traditional hardening strategies (which target prevention) with disaster preparation (which targets response) is a comprehensive approach.

**Redundancy** – Regional redundancy refers to “overlapping functions and institutions that diffuse disturbances and allow them to enter the system at a smaller scale.”<sup>vi</sup> For example, back-up power generators for hospitals and water treatment plants can offset the effects of a major system failure. Likewise, multiple civil society or community institutions can diffuse small-scale shocks and disturbances by performing essential social services on the local level.

**Feedback Loops** – Robust feedback loops, both formal and informal, that can form the basis for early warning systems, and which allow for a quick response and adaptation to system stressors. This means ongoing institutional learning about interdependencies, vulnerabilities, and how to adapt to changing threat environment.

The reason that resiliency has emerged as a unifying theme in critical infrastructure protection planning and activities, is that it provides answers about how to prevent and mitigate **cascading failures**. A cascading failure is a domino-like effect which occurs in interdependent systems where the service provided depends on the operation of a preceding part, and the failure of a preceding part can trigger the failure of successive parts. Critical infrastructures are susceptible this type of impact because they tend to be so highly dependent on shared cyber, physical and social networks of surrounding industries and organizations.

Cascading failures can affect entire regions. A region can be a portion of a state or states, multiple states or areas that cross national borders, generally corresponding to the size and scope of critical infrastructure service areas and cultural and political interests.

No matter how defined, regions can be subject to cascading impacts during large scale disruptions, because of complex and often extensive interdependencies, including supply chains which span state, national and global boundaries and rely on air, rail, and highway transportation systems in concert with energy, telecommunications, and banking and finance infrastructures to name a few.

The 2003 Northeast Blackout is an example of an event in which local damage caused a series of cascading failures (loss of power affecting 50 million people in eight states and Canada) with implications for public health and safety, and regional economic productivity. And in 2004, the effects of Hurricane Isabel included large-scale regional power failure, and failure of water safety systems due to loss of power. More recently, Hurricane Katrina and to a lesser extent, her sister storm Rita have strikingly demonstrated that a disruption in one region can have national and global *economic impact*, demonstrated by the increase in gas prices following the destruction of Gulf Coast infrastructure for receiving and shipping oil.

## EMERGING REGIONAL PARTNERSHIPS

For all of these reasons, it is both desirable and necessary to organize **regional partnerships** for disaster preparedness. Disaster preparedness is an ‘all hazards’ approach to regional security, which includes critical infrastructure protection as well as enhancing a regions ability to respond to a major emergency.

Enhancing the resiliency of critical infrastructures and regional disaster response requires:<sup>vii</sup>

- Strong collaboration between a broad range of regional organizations, including information sharing on operations and assets, priority setting, and resource allocation
- Strong local leadership
- Collective and individual knowledge of infrastructure interdependencies, what systems and assets are critical, and the extent of their vulnerabilities
- Willingness of local institutions to provide or develop new governance structures through which action can be organized

Regional partnerships exhibiting some of these characteristics have developed in several locations throughout the United States and Canada.

Each of partnerships noted in Box 2 followed a customized version of a process first developed by the U.S. Department of Energy’s Office of Critical Infrastructure Protection for the 2002 Salt Lake City Olympics security planning effort.<sup>viii</sup>

### Box 2 – Examples of U.S. Regional Partnerships

- Pacific Northwest Partnership for Regional Infrastructure Security
  - Puget Sound Partnership for Regional Infrastructure Security
- Gulf Coast Regional Partnership for Infrastructure Security
- San Diego Regional Network for Homeland Security
- Great Lakes Partnership for Infrastructure Security and Business Continuity
- S.E. Wisconsin Homeland Security Partnership
- Iowa Partnership for Homeland Security

The **Pacific Northwest Partnership for Regional Infrastructure Security** brings together key stakeholders from Energy (electric power, oil, and natural gas), Telecommunications, Transportation, Water, Banking and Finance, Emergency Services, and Government (Federal, State/Provincial, and Local) from Alaska, Idaho, Montana, Oregon and Washington as well as the Western Canadian provinces of British Columbia, Alberta, and the Yukon Territory. The intended purpose of this partnership is to develop a cooperative preparedness strategy using a risk-based approach to enhance the security of critical systems region-wide.<sup>ix x</sup> The partnership has since established the Northwest Warning, Alert and Response Network (NWARN), and established regional action plans, developed by conducting two interdependency exercises (Blue Cascades I and II). The **Puget Sound Partnership for Regional Infrastructure Security** encompasses a region within the broader Pacific Northwest Partnership and focuses on Seattle/Tacoma region and surrounding six-county area.

The **Gulf Coast Partnership for Regional Infrastructure Security** was created in the spring of 2003 to focus on the New Orleans region and neighboring parishes. It was co-chaired by the New Orleans Homeland Security Office and the regional Chamber of Commerce, which later expanded into a more diverse business-focused association called MetroVision. The Gulf Coast Partnership sponsored two tabletop interdependencies—Purple Crescent I and II to identify regional interdependencies, vulnerabilities and related preparedness shortfalls. The regional stakeholders created a cyber security regional coordination groups in the spring of 2005 and were focusing other activities to address these gaps and plan for a third interdependencies exercise when Katrina inundated the City.

The **San Diego Regional Network for Homeland Security** is spearheaded by University of California San Diego (UCSD) and San Diego State University (SDSU). Citing trusted relationships as the important resource in building regional preparedness, the explicit mission of the Network is to enhance institutional relationships across sectors through out the region. “It functions primarily as an open, information sharing network promoting communication and identifying opportunities for shared participation in regional initiatives.”<sup>8</sup> The Network addresses five priorities: biological and chemical terrorism, port and border security, information technology and cyber-security, critical infrastructure, and public health and safety.

The **Great Lakes Partnership for Infrastructure Security and Business Continuity** brings together public participants (such as FEMA, DHS, Emergency Management agencies, Army and Coast Guard) with private sector participants (such as Motorola, SBC, Kraft, Archer Daniels Midland, Boeing, Nextel, International Truck and Engine, Exelon ChicagoFirst, and more) in order to identify gaps in the region’s economic structure along with opportunities to bridge those gaps with new products and technologies.

The **Southeast Wisconsin Homeland Security Partnership** operates under the leadership of its Board of Directors, which includes many prominent public and private sector entities (Johnson Controls Inc., Northwestern Mutual, Robert W. Baird & Co., city of Milwaukee Health Department, Wisconsin Emergency Management unit). The initiative for the partnership developed out of the private research efforts of financial analyst David Duecker (now director of the Partnership) who discovered a "disconnect" between the public and private sector, as well as with various levels of government, in developing disaster response plans. The partnership brings

together public and private organizations so that emergency response plans are complementary and better coordinated throughout the region.

The **Iowa Partnership for Homeland Security** was established in December 2003 by the Iowa Homeland Security and Emergency Management Division, and the Iowa Business Council. It consists of representatives of key utilities, businesses, government agencies, and academic institutions. The partnership sponsored Amber Waves, a one-day tabletop exercise held in May 2004 which helped identify preparedness gaps in the region, and generated a list of action items to address these gaps.

## **THE PARTNERSHIP PROCESS**

Each of the preceding public-private collaborations used a similar process to get up and running. Once established, each is developing along lines consistent with the interests of the more active and influential stakeholders. This process involves eight steps, the first of which is the focus of this paper. These steps are:

### **Step 1: Stakeholder Analysis**

As outlined later in the chapter, this initial step involves identifying the core stakeholders in the National Capital Region whose participation is essential for enhancing regional and infrastructure resilience.

### **Step 2: Coming Together**

The second step involves a meeting between the most important stakeholders (based on the Stakeholder Analysis) to create a formal or informal initiative or partnership. This core group of 30-45 organizations should represent major utilities; key local, state, and regional federal government organizations, including defense installations; businesses; and academic and communities institutions. Associations that represent broad organizational memberships should be invited.

### **Step 3: Orientation Seminar**

Develop and conduct an interactive pre-exercise training seminar to provide necessary information to stakeholders, and to lay the groundwork work for an interdependencies tabletop exercise for representatives of regional public-private sector organizations. The interactive seminar (involving breakout groups so that participants can address collectively relevant issues) should focus on briefing participants on the importance of infrastructure security and particularly infrastructure interdependencies and provide them with information on cyber threats, attack and disruption impacts, and cyber incident response issues; generic and high-level regional infrastructure interdependencies; preparedness capabilities that already exist in the region, and initial planning for the interdependencies exercise.

### **Step 4: Scenario Development**

Following the seminar, interested members of the core stakeholder group and other organizations will develop a scenario to address their most important interdependency concerns. This scenario will become the Table-Top Exercise conducted as Step 5.

### **Step 5: Table-top Exercise**

The Exercise serves to identify vulnerabilities, interdependencies, and necessary changes in disaster preparation for the NCR. Undertaking the Exercise assists stakeholders in developing ways to share information on interdependencies, undertake collective solutions to associated vulnerabilities, and improve their own security and emergency management plans. The end goal of the Exercise is to encourage and facilitate the development of an Action Plan for stakeholders.

### **Step 6: Exercise Report**

Following the Exercise, feedback will be solicited from participants in debriefing sessions, detailed participant evaluations, and from independent evaluators. These processes will generate a number of findings regarding vulnerabilities, interdependencies, and requirements for a secure and resilient National Capital Region. The Exercise Report, coordinated by the Core Stakeholder Group, captures and disseminates these findings, and includes recommendations.

### **Step 7: Action Planning Workshop**

Hold an Action Planning Workshop with the exercise participants to develop specific projects to meet the exercise report recommendations. The requirements and proposals to enable implementation of Action Plan tasks, and identify possible sources of funding, are developed by the stakeholders themselves. In parallel, the NCR officials should assure that the regional infrastructure security approach is integrated into Maryland, Virginia, and D.C. plans; taking into account the NCR's unique needs as the locus of the U.S. federal government.

### **Step 8: From Action Planning to Taking Action**

Produce an Action Plan, including an evaluative component, comprised of these projects that can be incorporated into regional and organizational preparedness plans as part of an ongoing process of improving regional resilience.<sup>10</sup> NCR officials should assure that the regional infrastructure security approach is integrated into Maryland, Virginia, and D.C. plans; taking into account the NCR's unique needs as the locus of the U.S. federal government.

As part of the ongoing process, all stakeholders are encouraged to undertake outreach to neighboring states and regions in which there are infrastructures and organizations that are interdependent with those in NCR.

## **CHALLENGES TO CREATING REGIONAL PARTNERSHIPS**

Strengthening a region's ability to adapt positively to new situations involves the entire stakeholder community and comes from an ability to develop a plan cooperatively.<sup>xi</sup> Beyond this, building a regional public-private collaborative mechanism involves a *process* of identifying and bringing together the key infrastructures and organizations on which a region's viability depend and then engaging them in collective activities to raise awareness, develop trust, and work together. The goal is to enable the sharing of crucial information to better understand regional interdependencies and then identify and pursue means to improve regional disaster resilience. To meet this goal, three challenges must be addressed.

The first challenge is making sure that the right stakeholders are sitting together at the table to ensure an effective partnership and a good process is in place for managing joint planning,

decision-making and collaborative projects. “The right stakeholders” are **key organizations** – those which meet particular criteria for their importance to regional resilience. It is these stakeholders who will comprise the leadership and undertake the decision-making, planning, and implementation of the Partnership activities. Identifying them is no easy task. The question of “which are key?” can be an issue of never-ending debate and opinion unless there is a methodology that can be used to systematically categorize and rank the universe of potential stakeholders.

Note: Stakeholder organizations should self-select individuals who can represent their interests in a regional partnership. The following set of guidelines<sup>xiii</sup> can guide the self-selection process and aid organizations in selecting the most appropriate individual. In general, individual participants should be:

- Representative of stakeholder organizations interests
- Able to make decisions on the organizations behalf
- Accountable to stakeholder organizations
- Knowledgeable in those areas around which the partnership is organized – for example emergency management, vulnerability assessment, etc.

The second challenge to regional partnerships is how to get key stakeholders to the table. It is not the case that regional stakeholders necessarily jump at the chance to work together, even on something as intrinsically valuable as disaster preparedness. For one thing, there is often a cultural schism between public, private and civic spheres leading to a common perception by all of being under-valued by the others. Each sphere itself is large and diverse, with plenty of *internal* competition, particularly around issues of regional resilience and security. Competitive behavior tends to cluster in three areas: funding (who gets money to do what?), leadership over particular initiatives (who’s in charge?), and project design (what’s the ‘best’ way forward?). The interests, ideas and values driving the operations and the attitudes of particular stakeholders are extremely diverse.

The third challenge to regional partnerships is how to handle competitive behavior between stakeholders. Multi-stakeholder partnerships do not operate on the adage ‘if you build it, they will come’. It would be more accurate to say ‘they will come if they get to build it themselves.’ What this means is that all stakeholders in the partnerships must share (although perhaps in varying degrees) ownership and control over process, membership, goals, and outcomes – a true collaborative process. However, when stakeholder groups are unaccustomed to working together, they will tend towards taking control over these very things: process, membership, goals and outcomes. Although these tendencies will fade as stakeholders form relationships with each other and build trust over time, at the outset of a partnership, the idea of sharing control can be threatening. If stakeholders feel too threatened by the idea of sharing control, they will opt out of the process by declining to attend.

## **A MODEL FOR THE NATIONAL CAPITAL REGION**

Clearly, looking at the preceding partnership examples, the NCR is an excellent candidate for undertaking the eight-step process. The current level of preparedness in the National Capital

Region has been criticized; e.g. by the U.S. General Accounting Office for “a lack of a coordinated strategic plan for enhancing NCR preparedness, performance standards, and a reliable, central source of data on funds available and the purposes for which they were spent (GAO 2004, p.1).” This gap is perceived to impact the ability to respond to large scale disasters that destroy infrastructure, and have significant impact for health and human safety, and economic and national security.<sup>xiii</sup>

In addition to the three challenges noted above, the National Capital Region faces two additional challenges in its emergency preparation and response planning.<sup>xiv</sup>

First, the region is governed by two States, the District of Columbia and the Federal Government, each with separate emergency responders and emergency plans, but all tightly connected by roads, bridges, power grids, mass transit, etc. Secondly, because the District of Columbia is the Nations Capital, an extraordinarily high level of coordination and communication between *government agencies* is needed to respond effectively to emergencies.

The good news is that these five sets of challenges are not intractable. Research from a range of multi-stakeholder projects has shown that diverse stakeholders, even those who disagree on fundamental issues, can move forward when particular elements are in place. For regional preparedness partnerships, these elements are: (1) A way to identify key stakeholders; (2) A set of common-ground goals for regional preparedness; and (3) Putting in place an effective collaborative process.

## II. ABOUT THE PROJECT – Establishing Guidelines through Research

Researchers at George Mason University’s Institute for Conflict Analysis and Resolution undertook a one year research project to begin developing a “***Roadmap to Partnership: Planning for Regional and Infrastructure Resiliency***”. Our hope is that the work documented in this report may provide the foundation for the development of a regional partnership in the National Capital area using the process outlined previously. This will enable NCR public and private sector key stakeholders to develop a collaborative process that can assist in identifying vulnerabilities, preparedness shortfalls and solutions to prevent and mitigate these gaps.

The ***Roadmap to Partnership*** will be the outcome of this ongoing study, and will provide a detailed blueprint that can be used to develop regional partnerships elsewhere or to enhance existing partnerships by providing a flexible framework which provides standard guidelines, but that can also be customized to regional needs.

The starting point for our research and the development of the Roadmap for Partnership project were two assumptions, and one observation. The assumptions were that

- Regional stakeholders understand their own complexities better than outside parties and must make their own set of decisions about how best to prepare, respond and recover regarding wide-spread disasters or all kinds
- Comprehensive preparedness requires regional stakeholders to work together to develop an overall regional preparedness plan

Our observation, based on our experience aiding various parties in collaborating on complex projects, is the following:

- The key to regional resilience and preparedness is making sure that *the right stakeholders* are sitting together at the table, while the key to effective partnerships is making sure a *good process* is in place for managing joint planning, decision-making and other kinds of collaborative projects.

Given the challenges to partnership already discussed, what would help current and potential partnership approaches to this point is a *framework—a standard set of guidelines* for developing and maintaining partnerships. This is the first step in building a regional public-private partnership, and this Chapter introduces the first element of that framework: the Stakeholder Analysis tool. The Stakeholder Analysis consists of standard categories of major stakeholders and criteria for selecting key stakeholders in each category. How to use Stakeholder Analysis in the NCR is also discussed.

**III. STEP 1 – Stakeholder Analysis**

A stakeholder analysis consists of two basic stages: Identify **major categories** of stakeholders and; Identify **key stakeholders** in each category using Selection Criteria.

**MAJOR STAKEHOLDER CATEGORIES**

Major stakeholder categories are classifications of organizations, agencies or actors who can influence, and who are impacted by, regional vulnerabilities. In the National Capital Region three major stakeholder categories are essential: Government, Private Industry, and the Civic Sector.

Government stakeholders include those at the Federal, Regional and Local levels. Private Industry stakeholders include those from Critical Sectors as well as Insurance and Tourism.<sup>xv</sup> Civic stakeholders are non-profit and community-focused organizations likely to be involved in some significant capacity during the course of a disaster, specifically mass care organizations, schools, and outreach organizations, as well as media.

**Note: The civic, or non-profit sector, is currently under-utilized in partnerships for homeland security, disaster preparation, and preparedness. Our research indicates that non-profits are a key resource in making regions resilient, and protecting critical infrastructure and key assets. A report on the Non-Profit Sector and its importance to regional preparedness may be found in Appendix II.**

Major Stakeholder Categories		
GOVERNMENT	PRIVATE INDUSTRY	NON-PROFIT/CIVIC
Federal Regional Local	Critical Sectors plus Insurance Tourism	Mass Care Schools Religious/Cultural Media

## SELECTION CRITERIA FOR IDENTIFYING KEY STAKEHOLDERS

Secondly, regions must identify **key stakeholders** within each of these categories by using the Selection Criteria developed for this purpose. The Selection Criteria is a set of characteristics which stakeholders from government, private industry and the non-profit sector should meet in order to be considered ‘key’ to the regional initiative. It provides the rationale for making initial decisions about essential participants. Selection Criteria for each stakeholder group may be found on the following two pages. For a description of our research methodology in developing the Criteria, please see Appendix II.

Federal Government Selection Criteria	Regional, State & Local Selection
<p><b>1. Criticality<sup>1</sup></b> – Defined as the provision of services (embodied in infrastructures and key assets) deemed essential for national security, governance, public health and safety, regional and national economy, &amp; public confidence. These services are:</p> <ul style="list-style-type: none"> <li>▪ Banking and Finance</li> <li>▪ Energy</li> <li>▪ Health</li> <li>▪ Insurance</li> <li>▪ Telecommunications</li> <li>▪ Transportation</li> <li>▪ Water</li> <li>▪ Other (e.g., agro-industry, manufacturing, chemical and pharmaceutical companies, defense industry)</li> </ul> <p><b>2. Special sites or unique regional assets</b> under private management or ownership, and which are recognized by regional stakeholders as essential to national security, governance, etc.</p> <p><b>3. Large Associations</b> – Capable of serving as proxies for multiple entities within critical sectors, or provide essential services to critical organizations as defined above.</p> <p><b>4. Location</b> – Located within the region as defined by the general stakeholder community.*</p> <p><i>Business industry stakeholders may meet one or more of the above criteria. Organizations meeting these criteria are deemed Key Candidate Stakeholders. A list of these organizations may be found on pages</i></p>	<p><b>1. Public Safety</b> – Non-profit and community-focused (formal and informal) organizations, which are likely to be involved in some significant capacity during the course of a disaster. These organizations include:</p> <ul style="list-style-type: none"> <li>▪ Emergency services/mass care</li> <li>▪ School and school services</li> <li>▪ Religious and cultural outreach</li> <li>▪ Existing associations of non-profits</li> <li>▪ Media</li> <li>▪ Other</li> </ul> <p>Of these public safety organizations, those which meet the following additional criteria are considered key candidate stakeholders.</p> <p><b>2. Diversity and Redundancy</b> – Those organizations which represent both numerous and diverse constituencies</p> <p><b>3. Leadership</b> – Those organizations (or individuals) to whom people are likely to turn for leadership</p> <p><b>4. Geographic Breadth</b> – Organizations with multiple offices or facilities in more than one location through out the region.</p> <p><b>5. Proxies</b> – Those organizations which can serve as proxies for the above six categories of organizations</p> <p><i>Civic sector stakeholders may meet one or more of the above criteria. Non-profit organizations who meet these criteria are deemed Key Candidate Stakeholders. A list of these organizations may be found on page .</i></p>

## Private Industry Selection Criteria

- 1. Criticality** – Defined as the provision of services deemed essential for national security, governance, public health and safety, regional and national economy, and public confidence. These services are:
  - Continuity of Federal Government Operations
  - Political Leadership
  - Emergency Management
  - Other
- 3. Regional Impact** - Those organizations (including defense facilities and assets) whose operations are located in the region and consequently have regional effects on the following: revenue, employment, and maintaining and attracting new government organizations to the region
  - Large Employers
  - High Revenue Organizations
  - Other
- 4. Special sites or unique regional assets** under Federal management or ownership, and which are recognized by regional stakeholders as essential to national security, governance, etc.

*Federal stakeholders may meet one or both sets of criteria. Organizations and agencies within the Federal Government who meet these criteria are deemed Key Candidate Stakeholders. A list of these organizations may be found on page 12.*

## Non-Profit/Civic Selection Criteria

- 1. Multi-jurisdiction governing bodies** that can represent a diversity of municipalities and communities
- 2. Significant State & County Agencies** - Specifically those relating to Public Health, Homeland Security, Emergency Management, and Information Services
- 3. Major municipality or counties** - As determined by the following demographic indicators
  - Large population
    - Broad economic base
    - Proximity to international border
    - Location of important industrial producer
    - Major Port
    - Major Tourism Industry
    - Major Transportation hub or route
    - Importance for international trade
    - Special Sites/Unique Assets
    - Other
- 4. Typical City or County Service Providers**
  - Homeland Security Office
  - Emergency Management
  - Public Health
  - Fire Departments
  - Sheriff, Police Department
  - Other

*Regional, state and local stakeholders typically meet multiple sets of criteria. Organizations and agencies who meet these criteria are deemed Key Candidate Stakeholders. A list of these organizations may be found on page*

\*This is a subjective judgment based on infrastructure service areas, cultural, geographic or commonly accepted legal or traditional boundaries

## HOW TO USE THE SELECTION CRITERIA

The Selection Criteria is important because it provides a methodology for delineating key stakeholders for regional partnerships. Using a methodology both protects against the perception that partnerships are entirely ad hoc creations, and ensures the diversity which has been shown to enhance effectiveness of partnership efforts.

**Who should apply the Selection Criteria to the ‘universe’ of potential stakeholders in the National Capital Region?** There are a number of decision-making models that can be used:

- **Regional Decision-Makers Forum**

In the NCR, particular regional decision-makers are key to endorsing a regional partnership, and ensuring the credibility, legitimacy and leadership it needs to be effective. These organizations include Metropolitan Washington Council of Governments, Senior Policy Group, National Capital Planning Commission, Office of National Capital Region Coordination, Office of Commonwealth Preparedness, District of Columbia Emergency Management Agency, and Maryland Governors Office of Homeland Security. These organizations (and others they choose to invite) can come together to apply the Selection Criteria to the National Capital Region.

- **Government, Private Industry, and Civic Forum**

Since the partnership will include all three major categories (government, private industry and non-profit/civic), another useful model for applying the criteria is to bring together regional decision-makers with industry and non-profit associations. This ensures sector-specific expertise in making the sometimes subjective decisions required by the Selection Criteria. Existing private and civic associations include the Board of Trade, Fairfax Chamber of Commerce, Arlington Chamber of Commerce, Greater Washington Task Force on Non-Profit Emergency Response, and Non-Profit Roundtable of Greater Washington. These organizations (and others they choose to invite) can come together to apply the Selection Criteria to the National Capital Region.

- **University Forum**

Universities are often helpful in applying methodologies like this one, because they are impartial, neutral advocates of process. Universities can participate in two ways: (1) Using their broad research and analysis capabilities to apply the Selection Criteria comprehensively or (2) Provide facilitation for either model of forum listed previously.

**How should the Selection Criteria be applied?** There are at least three kinds of research methodologies that are useful in the process of using the Selection Criteria.

- **Focus Group**

Focus groups work best with between 6-8 participants at a time. The task of the participants is to use their expert knowledge of the region to apply the Selection Criteria. If desired, the process can be tracked by taking detailed notes.

- **Combination of Focus Groups with Targeted Interviews**

Sometimes, particular knowledgeable individuals may not have the time or inclination to attend focus groups, but their expertise can be tapped through formal or informal interviews. These interviews can supplement the results of the focus groups.

- **Network Analysis and Social Research**

In addition to the wealth of information and knowledge that can be tapped through conversations and focus groups with key organizations and individuals, some of the Selection Criteria can be applied through research as well. This kind of research is useful to verify particular kinds of criteria: for example, *diversity* and *redundancy* of non-profit service providers; *regional impact* of federal agencies (largest employers, highest revenue agencies); or *leadership* by non-profits.

To illustrate the use of the Selection Criteria, and the diversity of organizations which result as a process of its application, our project ran a test of this tool. We applied the Criteria to the National Capital Region using the following hybrid methodology:

- A focus group of project members, with targeted interviews of industry, government and non-profit sector experts
- Preliminary archival research of
  1. Private sector organizations with the largest revenue
  2. Private sector utilities with largest service area
  3. Public sector organizations with largest revenue
  4. Civic sector organizations with

The resulting sample list may be found on pages 14-23 and is primarily for illustrative use. It demonstrates the diversity and number of potential organizations that a regional NCR partnership would include. This list is not exhaustive, and may not represent the full range of organizations which a formal application of the Criteria would yield.

# SAMPLE NATIONAL CAPITAL REGION STAKEHOLDER LIST

## 1. Government Stakeholders

**Government stakeholders** include Federal, Regional, and State & Local agencies and service providers. **Key candidate stakeholders** are those who provide **critical services** (those deemed essential for national security, governance, public health and safety, regional and national economy, and public confidence), and whose operations have **regional impact** in the above areas.

### Federal

Key federal stakeholders are those whose operations have *regional impact*, and who provide *critical services*.

- Office of Personal Management (OPM)
- General Services Administration (GSA)
- White House
  - Office of Homeland Security
  - Office of Management and Budget
- Department of the Treasury
  - Office of Public Affairs
  - Office of Critical Infrastructure Protection and Compliance Policy
- Department of Defense
- Department of Homeland Security
- Federal Emergency Management Agency
- Department of Health and Human Services
- Other

### Regional

Key regional stakeholders are the States of Virginia and Maryland, the District of Columbia, and existing multi-jurisdictional governing bodies in the National Capital Region.

- Metropolitan Washington Council of Governments (COG)
  - Emergency Managers Committee
  - Public Safety Policy Committee
  - Chief Administrating Officers Committee
- Senior Policy Group (SPG)
- Office of National Capital Region Coordination (ONCRC)
- Urban Area Strategic Initiative Working Group NCR
- Capital Wireless Integrated Network – CAPWin
- National Capital Planning Commission
- Homeland Security Regional Initiative
- Other

## State

Key state stakeholders are (1) Significant state agencies targeting homeland security, public health, emergency management and information services (2) State-level projects or initiatives targeting preparedness, and (3) State National Guard

- **VIRGINIA**

- Homeland Security Director
- Department of Emergency Management
- Virginia Office of Commonwealth Preparedness
- **Virginia Department of Health**
- **Virginia National Guard**
- Northern Virginia Mass Casualty Incident Plan

- **MARYLAND**

- Maryland Emergency Management Agency
- Maryland Governors Office of Homeland Security
- Maryland National Guard

## Local

Key local stakeholders are (1) County service providers and (2) County and city elected officials in the *major municipalities or counties* in the National Capital Region: Fairfax County, Arlington County, District of Columbia, City of Alexandria, Prince George's County, Prince William County, Loudon County, and Montgomery County.

### **FAIRFAX COUNTY SERVICE PROVIDERS**

- **HEALTH AND HUMAN SERVICES**
  - Fairfax County Health Department
  - Emergency Shelters
- **EMERGENCY SERVICES**
  - Fairfax County Office of Emergency Management
  - Fairfax County Police Department
  - Fairfax County Sheriff's Office
  - Alternate Emergency Operations Center
  - Fairfax County Office of Public Affairs
  - Citizens Emergency Preparedness Campaign
- **OTHER**

## **ARLINGTON COUNTY SERVICE PROVIDERS**

- HEALTH AND HUMAN SERVICES
  - Department of Human Services, Public Health
  - Emergency Shelters
- EMERGENCY SERVICES
  - Arlington Office of Emergency Management
    - Arlington County Emergency Operations Center
    - Community Emergency Response Teams (CERTS)
  - Arlington Police Department
  - Arlington County Sheriffs Office
- OTHER

## **LOUDON COUNTY SERVICE PROVIDERS**

- HEALTH AND HUMAN SERVICES
  - Loudon County Health Department
  - Department of Social Services
  - Emergency Shelters
    - Emergency Homeless Shelter
    - Transitional Housing Shelter
- EMERGENCY SERVICES
  - Department of Fire, Rescue and Emergency Management
  - Loudon Emergency Planning Committee, DFREM
  - Leesburg Police Department
  - Loudon County Sheriffs Office
  - Emergency Operations Center
- OTHER

## **PRINCE WILLIAM COUNTY SERVICE PROVIDERS**

- HEALTH AND HUMAN SERVICES
  - Prince William Health Department
- EMERGENCY SERVICES/PUBLIC SAFETY
  - Office of Emergency Management
    - Emergency Operations Center
  - Prince William Police Department
  - Prince George's County Sheriffs Office
- OTHER

## **CITY OF ALEXANDRIA SERVICE PROVIDERS**

- HEALTH AND HUMAN SERVICES
  - Alexandria Health Department
  - Alexandria Community Shelter
- EMERGENCY SERVICES/PUBLIC SAFETY
  - Alexandria Office of Emergency Management
  - Alexandria Fire Department
  - Alexandria Police Department
- OTHER

## **DISTRICT OF COLUMBIA SERVICE PROVIDERS**

- HEALTH AND HUMAN SERVICES
  - Department of Health
  - District Emergency Shelters, by Ward
- EMERGENCY SERVICES
  - DC Local Emergency Planning Council
  - Fire and Emergency Medical Services
  - Emergency Management Agency
  - Metropolitan Police Department Headquarters
  - District Emergency Operation Center
  - District of Columbia Office of the City Administrator
- OTHER

## **PRINCE GEORGE'S COUNTY SERVICE PROVIDERS**

- HEALTH AND HUMAN SERVICES
  - Prince George's County Health Department
- EMERGENCY SERVICES
  - Office of County Fire and Emergency Services Department
    - Office of Emergency Management
    - Office of The Fire Chief
    - Emergency Operations Command
    - Emergency Operations Center, City of Laurel
  - Prince William County Sheriff's Department
  - Prince George's County Police Department

## **MONTGOMERY COUNTY SERVICE PROVIDERS**

- HEALTH AND HUMAN SERVICES
  - Montgomery County Department of Health and Human Services
- EMERGENCY SERVICES
  - Montgomery County Fire and Rescue Services
    - Division of Community Risk Reduction Services
    - Office of Emergency Management
  - Montgomery County Homeland Security Office
  - Montgomery County Department of Police
  - Montgomery County Sheriffs Department
  -
- OTHER

## **COUNTY & CITY ELECTED/APPOINTED OFFICIALS**

- County Supervisors
  - Fairfax County
  - Arlington County
  - Loudon County
  - Montgomery County
  - Prince George
  - Prince William
- Chief Information Security Officers
- Mayors

## ***2. BUSINESS INDUSTRY STAKEHOLDERS***

**Business industry stakeholders** are private sector organizations, including major utilities, healthcare, banks, commercial organizations and other service providers *as well as organizations, special sites, or other assets unique to the region, or recognized by regional stakeholders as essential to the above four goals.* In the National Capital Region, these stakeholders fall into seven categories: Banking and Finance, Energy, Health, Insurance, Telecommunications, Transportation, and Water.

**Candidate key stakeholders** in the National Capital Region meet any of the following four characteristics: (1) Those which meet Federal criteria for **criticality** - infrastructures and assets deemed essential for public health and safety, regional economy and national security, and public confidence, (2) Those organizations whose operations have **regional effects** on revenue (the regional economic base), employment, attracting new business to the region (including major employers, major service providers, and high revenue organizations); (3) Those organizations serving as **proxies** for others within a sector, or a particular demographic.

*Note: Business associations, though sometimes technically non-profits, are included as business industry stakeholders as extensions of private industry and interests.*

## **BANKING AND FINANCE**

Key stakeholders in the Banking and Finance Sector include small, medium and large sized banks and financial institutions in the National Capital Region, as well as proxy organizations which represent key financial institutions.

- First Virginia Bank
- American Banking Association, FSSCC
- PNC Bank
- Chevy Chase Bank
- Bank of America
- National Capital Bank of Washington
- Suntrust Bank
- Fannie Mae

## **ENERGY**

Key stakeholders are largest energy service providers in the National Capital Region, measured in number of customers.

- PEPCO
- Dominion Virginia Power
- Washington Gas
- Colonial Pipeline
- Plantation Pipeline
- Columbia Energy Group

## **HEALTH**

Key stakeholders are (1) Major hospitals through out the National Capital Region capable of accommodating surge capacity likely to occur in crisis and (2) Associations representing major hospitals in the NCR.

- Washington Hospital Center
- Children's National Medical Center
- Sibley Memorial Hospital
- INOVA Health Systems, Fairfax
- Alexandria INOVA Hospital
- Howard University Hospital
- Reston Hospital
- DC Hospital Association
- VA Medical Center
- VA Medical Center
- Virginia Hospital and Healthcare Association
- Maryland Hospital Association

## **INSURANCE**

Key insurance stakeholders are major insurance providers, measured in number of customers.

- Blue Cross/Blue Shield of the Nations Capital Area
- State Farm Insurance
- GEICO
- Allstate Capital Region

## **TELECOMMUNICATIONS**

Key telecommunications stakeholders are (1) Major service providers in the NCR, measured in number of customers, and (2) Upstream providers (generally smaller in scale) and (3) Proxy organizations which represent key transportation institutions.

- NCC/NCS
- AT&T
- MCI Inc
- Sprint
- Verizon
- Verizon Wireless
- Cingular Wireless
- Nextel
- Quest

## **TRANSPORTATION**

Key stakeholders include (1) Major providers of transportation services (rail, metro, and air) in the National Capital Region and (2) Agencies charged with oversight and planning of these services.

- Washington Metropolitan Area Transit Authority
- Metropolitan Washington Airport Authority
- Maryland Department of Transportation
- Virginia Department of Transportation
- District Department of Transportation
- Maryland Transit Administration
- CSX (Rail companies)
- AMTRAK
- MARC
- Virginia Rail Express

## **WATER**

Key stakeholders include major service providers in the National Capital Region

- Fairfax County Water Authority
- Washington DC Water and Sewer Authority
- Falls Church Water
- Arlington Water
- Loudon County Sanitation Authority

## CROSS-INDUSTRY ASSOCIATIONS

- Board of Trade
- CIP Task Force
- Fairfax Chamber of Commerce
- Arlington Chamber of Commerce
- Northern Virginia Technical Council

## TOURISM

- Washington DC Convention and Tourism Corporation
- Hotel Association of Washington DC

## 3. CIVIC (NON-PROFIT) STAKEHOLDERS

The **non-profit (civic) sector** is made up of community-focused, informal and formal organizations that contribute to **public safety** during the course of a disaster. In the National Capital Region, this includes the following categories: Emergency Response/Mass Care, Schools, Faith-Based Organizations, Cultural Organizations, Regional Associations of Non-Profits, and Media Associations.

**Key candidate stakeholders** in the NCR meet any of the following four characteristics: (1) Those organizations which are both **numerous** and appeal to **diverse** constituencies; (2) Those organizations (or individuals) to whom people are likely to turn for **leadership**; (3) Organizations with **multiple offices or facilities** in more than one location through out the region; (4) Organizations with **strong networks** that typically reach out to a large population of people and (5) Organizations which serve as proxies in the above categories

## EMERGENCY SERVICES/MASS CARE

- American Red Cross, National Capital Chapter
- USA Freedom Corps
- Salvation Army
- Catholic Charities USA
- YWCA
- United Way

## SCHOOL BOARDS

- Fairfax County
- Arlington County
- Loudon County
- District of Columbia Public School Board
- Prince George
- Prince William County School Board
- Prince William Public Schools
  - The Department of Risk Management and Security
- Montgomery County

## **RELIGIOUS AND CULTURAL OUTREACH**

- Alexandria Multicultural Coalition

## **ASSOCIATIONS OF NON-PROFITS**

- Greater Washington Task Force on Non-Profit Emergency Response
- Non-Profit Roundtable of Greater Washington

## **MEDIA**

- Newspaper Association of America
- National Association of Broadcasters

## **CAVEATS: SUBJECTIVITY & ADAPTION**

It cannot be overemphasized that categorizing and assessing stakeholders (even using a standard methodology) is a subjective process. The ongoing debate over ‘what counts’ as a critical sector is a good example. Thus, while the process of identifying and selecting Key Candidate Stakeholders should adhere to the common set of Selection Criteria, it is also understood that:

- The Criteria is a set of general guidelines that can (and should) evolve to reflect ongoing learning and generation of new knowledge on issues of critical infrastructure protection.
- Applying the Criteria will produce a large number of candidate organizations that will comprise the nucleus of the regional Partnership. This number will be greater than useful for the core stakeholder group of 30 to 40 organizations that will have the role of planning the Partnership’s development. This means that subjective judgment must be employed to select those organizations most likely to play an active and influential part in advancing the Partnership.
- There will be certain organizations that for cultural reasons or decisions by their senior management will decline or simply avoid participation in the Partnership process altogether. Some key organizations may choose minimal involvement. These organizations may, as the Partnership develops or through management changes, may become active Partnership members.

## **IV. Looking Forward**

Our goal in undertaking this research was two-fold. First, we wanted to articulate the importance of, and need for regional multi-stakeholder partnerships spanning public, private and civic realms, and particularly in the NCR. Such a partnership can leverage the excellent work already being done at different levels of government, business industry and non-profit organizing.

Hurricane Katrina is only the latest and most emphatic reminder that coherent, comprehensive regional disaster plans are essential. This is certainly the case in the National Capital Region.

In addition to answering questions about *why* to partner, we wanted to answer at least one fundamental question about *how* to partner: “Who to partner with?” The Selection Criteria and accompanying Sample Key Stakeholder List are tools to this end.

The next step is to move forward to begin to establish regional partnerships elsewhere in the nation, with the first of such new endeavors in the NCR. The federal government will need to play a major role in providing the encouragement, expertise, and seed money to work with the regional stakeholders towards this end. It is important to note that in each of the regional partnerships described as examples in this paper, all except for the Wisconsin and Iowa Partnerships have had some type of federal technical support provided for organizational activities, exercise development and for some specific activities to address shortfalls.

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<sup>i</sup> For instance in the E-Newsletter of Infrastructure Security and Partnership, August 2005 (Issue 33) URL: [http://www.tisp.org/enews/archive/august\\_2005.cfm](http://www.tisp.org/enews/archive/august_2005.cfm)

<sup>ii</sup> As described in a recent progress report by the Task Force to the Homeland Security Advisory Council. URL: [http://www.dhs.gov/interweb/assetlibrary/HSAC\\_CITF\\_Report\\_23June05.pdf](http://www.dhs.gov/interweb/assetlibrary/HSAC_CITF_Report_23June05.pdf)

<sup>iii</sup> URL: [http://www.ocipep.gc.ca/critical/nciap/disc\\_e.asp](http://www.ocipep.gc.ca/critical/nciap/disc_e.asp)

<sup>iv</sup> The definition of resilience in the textbox derives from: Folke, Carl et al (2002). Resilience and Sustainable Development: Building Adaptive Capacity in a World of Transformation. *Ambio* 31, No. 5, pages

<sup>v</sup> Hughes, Roger A (2003). Resilience: Health in a New Key. Report by Arizona Health Futures (Saint Luke’s Health Initiatives), Fall 2003  
Fiksel, Joseph (2003). Designing Resilient, Sustainable Systems. *Environmental Science and Technology* 37

<sup>vi</sup> Adapted from Hughes, Roger A (2003) *Ibid*, page 9

<sup>vii</sup> The application of resilience research to infrastructure protection and disaster planning has been discussed by:

- (1) The Community Resilience Manual (2000). A product of the Center for Community Enterprise in British Columbia, Canada. The online manual can be located at <http://www.cedworks.com/communityresilience01.html>
- (2) Ronan K, and Johnston D (2005). *Promoting Community Resilience in Disasters: The Role for Schools, Youth and Family*. Germany: Springer Publications
- (3) Paton D. and Johnston, D (2001). *Disaster and Communities: Vulnerability, Resilience and Preparedness*. *Disaster Prevention and Management: An International Journal* 10 (4) pages 270-277

Additional insights about adaptive governance can be found in

- (1) Scholz, John T and Stiftel, Bruce (2005) “The Challenges of Adaptive Governance.: In (J. Scholz and B. Stiftel, Eds.) *Adaptive Governance and Water Conflict: New Institutions for Collaborative Planning*. Washington, DC: RFF Press
- (2) Hemmati. Minu (2001). *Multi-Stakeholder Processes for Governance and Sustainability: Beyond Deadlock and Conflict*. London: Earthscan

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<sup>viii</sup> See Paula L. Scalingi, “From Black Ice to Purple Crescent,” *IT Security*, January-February 2005, pp. 13-14.

<sup>ix</sup> As stated on PNWER website, Blue Cascades II description: <http://pnwer.org/pris/bluecascadesII.htm>

<sup>x</sup> Paula L. Scalingi and Matt Morrison, “Power to the People,” *Security Management*, December 2003, pp. 96-101.

<sup>xi</sup> [http://www.reddi.mah.gov.on.ca/userfiles/HTML/nts\\_6\\_23275\\_1.html](http://www.reddi.mah.gov.on.ca/userfiles/HTML/nts_6_23275_1.html)

<sup>xii</sup> From (1) Dalal-Clayton. B. and Bass, S (2002). *Sustainable Development Strategies: A Resource Book*. Hertfordshire, England: Earthprint Publishing; and (2) Hemmati. Minu (2001), *Ibid*

<sup>xiii</sup> Discussed in varying degrees in the following:

- (1) General Accounting Office, Report 04-433 (May 2004). *Management of First Responder Grants in the National Capital Region Reflects the Need for Coordinated Planning and Performance Goals*. Report to the Chairman, Committee on Government Reform, House of Representatives.
- (2) Horowitz, Sari & Davenport, Christian () “Terrorism Could Hurl D.C. Area Into Turmoil. *Washington Post*, Sunday, September 11, 2005; Page A01
- (3) Bates, Darien (2005). *Slow Progress: Planning Response to Emergencies in the National Capital Region*. Falls Church News Press, January 13 Online Issue, <http://www.fcnp.com/445/emergency.htm>

<sup>xiv</sup> From “Are We Ready for Primetime? Assessing the State of Emergency Readiness in the Nations Capital.” Hearing before the Committee on Government Reform, House of Representatives, 108<sup>th</sup> Congress, First Session, April 10, 2003

<sup>xv</sup> The focus group of private sector experts suggested that insurance companies and the tourism industry were both key stakeholder groups in the National Capital Region, that are not included in federally designated critical sectors.

## **Appendix I – Methodology for Development of Selection Criteria**

The Selection Criteria was developed through a triangulation of research processes: Literature Review, Focus Groups, and Survey/Interview Research. In addition, the final product was ‘vetted’ with regional experts working in similar multi-stakeholder partnerships across the country.

### **Literature Review**

An extensive literature review was conducted to answer three initial questions. (1) What are the core characteristics of successful multi-stakeholder processes? (2) How should a stakeholder analysis be conducted? (3) What methodologies currently exist to help identify stakeholders? Information was gathered in the following four areas:

- Case studies of previous and current multi-stakeholder processes and collaborative partnerships
- Conflict resolving and conflict preventive processes
- Organizational collaboration and learning processes
- Regional demographics, characteristics and stakeholder groups
- Civic Sector (Non-profit, Community-based)

Information gathered in this stage of research enabled us to develop (1) A list of stakeholder categories (Public, Private, Civic, Associations, etc), (2) An initial list of selection criteria and (3) A set of questions that needed expert answers (What’s the goal of our project? What types of organizations should be included to meet that goal? How to we select from the universe of possible stakeholders the ones that are KEY to this initiative? What does regional resilience mean?) The next step in the process was to engage experts for each general category to further develop the selection

### **Focus Groups**

Two formal focus groups were convened to generate answers to the questions which had emerged from the literature research.

Public Sector Focus Group – Consisted of a group of internal experts, including the head of CIP Programs, the Director of the NCR Project, the Director of the Private Sector Programs, Director of Scalingi Group, and members of NCR Project staff. The discussion centered around one primary question: *If you were going to invite the most important organizations in the region, how do you know who’s most important? What criteria do you use?*

Civic Sector Focus Group – Included academics with significant experience researching and tracking civic sector behavior, an experienced consultant on non-profits and conflict resolution, and the Director of Scalingi Group.

The discussion centered around two central questions: (1) *Which critical services do non-profits provide?* and (2) *If you were going to invite the most important organizations in the region, how do you know who's most important? What criteria do you use?*

### **Survey/Interview Research**

For the private sector, a considerable amount of research had already been performed by the NCRP Sector Teams. Rather than convene a focus group with these experts, an online survey was submitted to the Teams to gather two additional pieces of information: (1) What inductive (intuitive) criteria had each team used when deciding who to contact for their research and (2) Which private sector utilities and businesses were essential for us to reach out to? A brief roundtable discussion on the topic was initiated at the NCR Project Plenary in late March 2005, and each team generated the requested information.

### **Practitioner Vetting**

The final product was sent to----- for vetting before it was submitted in its final version to the NCR Project Team. The rationale behind vetting is simple: First, does the product make sense to those people already involved in similar initiatives, and secondly is it something they find useful? The insights generated from practitioner vetting were incorporated into the Selection Criteria.

### **Notes on Process**

The design, development, and use of the Selection Criteria are intended to be open-ended processes. Even as the tool is used to select regional stakeholders for the interdependency initiative, new findings and information about what works (and what doesn't) will feed back into the revision of the tool. The development of the tool and the process in which it is used is ongoing.

## Appendix II - Nonprofit Sector Description

The term nonprofit sector is commonly used to describe “institutions and organizations in American society that are neither government nor business”.<sup>1</sup> This sector is also commonly referred to as the independent sector, the not-for-profit sector, the third sector, the voluntary sector, the social sector, or as nongovernmental organizations (NGOs).

As the National Center for Non-Profit Boards points out, “these other names emphasize the characteristics that distinguish nonprofits — voluntary sector to acknowledge the importance of volunteers and voluntary action, independent sector to distinguish nonprofits from business and government, and social sector to underscore how the activities of nonprofits enhance the social fabric of our country.”<sup>2</sup>

There are typically three ways of classifying non-profit organization, a necessary task given the extraordinary breadth of this sector. First, non-profits can be classified into *organizational types*, referring primarily to the legal distinctions between each type of entity. Secondly, they can be classified by *organizational activities* referring to the mission or occupation of each organization. Thirdly, nonprofits can be classified into *subsectors* referring to general focus areas, such as environmental protection or public policy research, in which nonprofits generally work. Each three are addressed respectively in the following three sections. Note that there exists a fair degree of overlap between these different categories – a necessary evil, since neither by itself tells the whole story.

### **Organizational Types**

There are legal distinctions between types of nonprofit organizations. These distinctions are important because they are linked to tax exemption status, and to the range of activities that each organization typically undertakes. These organizational types include:<sup>3</sup>

*Charities* – Nonprofits that are exempt under Section 501(c)(3) include a wide range of organizations. Public charities make up the majority of nonprofits in the United States. Human services organizations are the largest group (37%) of charitable nonprofits organizations.<sup>4</sup>

#### **Diverse Charities**

Hospitals  
Museums  
Orchestras  
Private Schools  
Religious  
Organizations  
Advocacy Organizations  
Public TV/Radio Stations  
Soup Kitchens

<sup>1</sup> National Center for Non-Profit Boards and Independent Sector: “What You Should Know About Non-Profits” <http://www.independentsector.org/PDFs/WhatUShouldKnow.pdf>

<sup>2</sup> National Center for Non-Profit Boards and Independent Sector: “What You Should Know About Non-Profits” <http://www.independentsector.org/PDFs/WhatUShouldKnow.pdf>

<sup>3</sup> Adapted from National Center for Non-Profit Boards and Independent Sector: “What You Should Know About Non-Profits” <http://www.independentsector.org/PDFs/WhatUShouldKnow.pdf>

<sup>4</sup> Michigan State University, Outreach Partnerships. “Trends Affecting Human Services Nonprofit Organizations: Best Practice Briefs”. Issue 15, 1999-2000. <http://outreach.msu.edu/bpbriefs/issues/brief15.pdf>

*Foundations* – Foundations are grant making organizations and are also classified as 501(c)(3) nonprofits.

<b>Types of Foundations</b>	
Private Foundations	<ul style="list-style-type: none"><li>• The Ford Foundation</li><li>• The Carnegie Foundation</li><li>• David and Lucile Packard Foundation</li></ul>
Corporate Foundations	<ul style="list-style-type: none"><li>• Metropolitan Life Foundation</li><li>• Starbucks Foundation</li><li>• American Express Foundation</li></ul>
Operating Foundations	<ul style="list-style-type: none"><li>• The Carnegie Endowment for Intl Peace</li><li>• J. Paul Getty Trust</li></ul>
Community Foundations	<ul style="list-style-type: none"><li>• The Cleveland Foundation</li><li>• New York Community Trust</li></ul>

*Social Welfare & Advocacy Organizations* – These nonprofits are exempt under Section 501(c)(4) of the tax code and are likely to participate in legislative advocacy, lobbying, and political campaign activities.

*Professional and Trade Associations* – These organizations promote the professional interests of an industry. Examples include chambers of commerce, business leagues, and profession specific associations. All generally qualify for tax-exemption under Section 501(c)(6) of the tax code.

## **Organizational Activities**

According to the National Center for Charitable Statistics, nonprofits can be further categorized into several groups based on the kinds of activities they undertake:

*Direct Service* – Programs or organizations providing direct services within a major focus area.

*Alliance/Advocacy Organizations* – Programs which seek to influence public policy and/or practice within a particular area

*Awards, Prizes and Competitions* – Awards, prizes, competitions, and other forms of recognition given as an acknowledgement of achievement or merit within a major group area.

*Capacity Building* - Creating the infrastructure necessary to support needed programs and services in communities. Examples include helping a nonprofit housing program establish a volunteer network, creating a community watch program to reduce crime, providing funding, or helping an organization develop management systems.<sup>5</sup>

*Communications and Public Education* – Programs that use a variety of techniques to educate or enlighten the public about issues within a major group area

*Fundraising, Grants and Financial Support* – Programs that solicit voluntary contributions to support events, activities and programs related to environmental preservation and protection and/or provide monetary within a major group area.

*Licensure, Accreditation & Certification* – Programs that set standards, monitor performance, confer accreditation, or otherwise regulate the activities of nonprofit organizations

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<sup>5</sup> According to the Virginia Commission on National and Community Service

*Management and Technical Assistance* – Programs that provide consultation, technical assistance, training or management support for organizations within a major group area.

*Membership Programs* - Programs that promote the interests of individuals/organizations within a major group area and provide informal, educational, and professional development opportunities for members.

*Professional Development & Training* – Programs that provide certificate classes, professional workshops and seminars, and on-site staff training within a major group area.

*Research Institutes and/or Public Policy Analysis* – Sometimes referred to as “think tanks”, these programs or organizations engage in basic, applied, or developmental research as well as analyze public policy within a major group area.

*Volunteer Programs* – Programs that recruit, train, and utilize volunteer services within a major group.

**Subsectors (Focus Areas)**

The National Taxonomy of Exempt Entities (NTEE) provides a list of subsectors in which nonprofit organizations operate.

As shown by this list, the range of activities undertaken by the ‘non-profit’ sector is extremely wide ranging and complex. Their commonality, unlike other ‘sectors’ of the national economy (such as ‘Telecommunications’ or ‘Energy’) is that they are private organizations that serve

<b>Subsectors of Nonprofits</b>	
Arts, Culture, and Humanities	Recreation/Sports,
Education	Youth Development
Environment	Human Services
Animal Related	International, Foreign Affairs, National Security
Healthcare	Civil Rights, Social Action, Advocacy
Mental Health/Crisis Intervention	Community Improvement, Capacity Building
Disease, Disorders & Medical Discipline	Philanthropy, Volunteerism, Grantmaking
Medical Research	Science and Technology
Crime and Legal Related	Social Science
Employment	Public and Societal Benefit
Food, Agriculture and Nutrition	Religion Related
Housing and Shelter	Mutual and Membership Benefit
Public Safety, Disaster Preparedness & Relief	

public agendas: advancement of health, education, scientific progress, social welfare or the free expression of ideas.<sup>6</sup> As such, the nonprofit sector in America includes all types of organizations and programs such as hospitals, museums, schools, homeless shelters, houses of worship, symphony orchestras, research centers, youth groups, and many other organizations in every community across the nation.<sup>7</sup>

## II. Facts and Statistics

The size and breadth of the nonprofit sector in the United States has a large impact on revenue and social capital. Add more here.

### Revenue

The amount of revenue generated by the nonprofit sector is substantial. The estimated total revenue of the nonprofit sector in 1999 was \$823 billion and total assets were estimated at \$1.57 trillion.<sup>8</sup> The sector which generates the most revenue is Health, generating almost 50%, followed closely by Education (approximately 18%), and a tie between Social and Legal Services and Religious Organizations at 11.5%.<sup>9</sup>

Approximately 6 percent of all organizations in this country are nonprofits<sup>10</sup> and around 8.6 million people (1 in 12) work for associations and nonprofits nationwide – more than the government sector, which employs 6.8 million.<sup>11</sup> 89% of reporting nonprofit organizations are “operating” entities, which provide services, information and specific products to members or to the public.<sup>12</sup> Education receives the largest share of all foundation giving, and religious organizations receive the largest share of funds from private giving (including individual, foundation and corporate donations).<sup>13</sup>

### Social Impact

Aside from the revenue-related impact of nonprofit organizations on national employment, job creation, and service delivery, there is an impact on social capital as well.

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<sup>6</sup> The Center on Philanthropy and Public Policy, University of Southern California  
[http://wkconlin.nexcess.net/resources/powerpoint/2004\\_philanthropy\\_ferris\\_nonprofit.ppt#271,14](http://wkconlin.nexcess.net/resources/powerpoint/2004_philanthropy_ferris_nonprofit.ppt#271,14), Philanthropy & the Nonprofit Sector

<sup>7</sup> The Independent Sector <http://www.independentsector.org/programs/research/NA01main.html>

<sup>8</sup> Texas Association of Nonprofit Organizations, Sector Statistics [http://www.austin.cc.tx.us/tano/links\\_facts.htm](http://www.austin.cc.tx.us/tano/links_facts.htm)

<sup>9</sup> Independent Sector <http://www.independentsector.org/programs/research/NA01main.html>

The Center on Philanthropy and Public Policy, University of Southern California

<sup>10</sup> Washington Post (<http://www.washingtonpost.com/wp-dyn/articles/A61316-2003Apr30.html>)

<sup>11</sup> Greater Washington Society of Association Executives (GWSAE)

<sup>12</sup> The New Nonprofit Almanac and Desk Reference (2002). Copyright The Urban Institute and Independent Sector.

<sup>13</sup> Ibid

## Definitions of Social Capital

*Whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them – Robert Putnam.<sup>14</sup>*

*Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions... Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together - The World Bank, 1999.*

*Social capital consists of the stock of active connections among people: the trust, mutual understanding, and shared values and behaviors that bind the members of human networks and communities and make cooperative action possible - Cohen and Prusak.<sup>15</sup>*

- Research by Robert Putnam found a strong correlation between the effectiveness of provincial government in a region, and the extent of voluntary participation in community organizations.<sup>16</sup>
- Nonprofits, particularly foundations, assist in the development of social capital through grant making, support for community foundations, strategic initiatives, and serving as liaisons between diverse groups of people and addressing public policy.<sup>17</sup>
- Voluntary associations are identified as central to prosperous and successful democracies. They help to build the networks of trust and reciprocity, the social capital, that allows democratic societies to function effectively (Putnam 1993; Walzer 1991).
- Nonprofits have a long history of pioneering programs that were subsequently taken over by other sectors.<sup>18</sup>

Questions about the positive social impact of the nonprofit, independent or third sector abound, including how best to measure impact. Recently, there has been a push to develop new metrics that can operationalize and quantify the value-add of non-profits for societies.<sup>19</sup>

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<sup>14</sup> Putnam, R. D. (2000).

<sup>15</sup> Cohen, D. and Prusak, L. (2001) *In Good Company. How social capital makes organizations work*, Boston, Ma.: Harvard Business School Press. 214 +xiii pages.

<sup>16</sup> Putnam, R. D. (1993) *Making Democracy Work. Civic traditions in modern Italy*, Princeton NJ: Princeton University Press.

<sup>17</sup> Post-Gazette.com, December 31, 2000. *Foundations, Nonprofits increase emphasis on social capital.*  
<http://www.post-gazette.com/businessnews/20001231foundations9.asp>

<sup>18</sup> Boris, E. and Steuerle, C.E. (1999). *Non-Profits and Government: Collaboration and Conflict*. Washington DC: Urban Institute Press

<sup>19</sup> Flynn, Patricia and Hodgkinson, Virginia A (2002). *Measuring the Impact of the NonProfit Sector*. New York: Kluwer Academic/Plenum Publishers

### III. The Nonprofit Sector and Regional Resilience

Regional resilience refers to *the capacity to recover or rebound from disaster (adversity) with positive adjustment*. The more resilient the region, the greater is the capacity of organizations and communities to adapt to, and shape, the ever changing threat environment. As stated in Chapter 1, resiliency refers to

1. The magnitude of shock a system can *absorb and continue to provide services*
2. The degree to which the system is capable of *self-organization (rapid restoration of services)*
3. The degree to which the system can build *capacity for learning and adaptation*

Drawing on concepts from the Community Resilience Manual, and research on the activities of community-based non-profits, there are at least two ways that nonprofits play a role in enhancing regional resilience for disaster preparation and response.

First, organizations in the nonprofit sector are critical in communicating, outreach, reaching other people that traditional services don't reach, and mobilization. Community based organizations tend to have deep roots into particular communities that traditional organizations don't. The response from nonprofits as emergency responders and relief organizations in the wake of major disasters is well documented.

Second, the resources of community-based organizations including

- Mobility and flexibility of nonprofit organizations
- Effective outreach to vulnerable populations
- Diversity in number and scope of work,

can be leveraged to enhance the self-reliance of communities. The ability to allocate resources at the local level is a crucial characteristic of community resilience,<sup>20</sup> thus the nonprofit sector must be involved in regional planning processes.

#### Conclusion

The nonprofit sector is under-included in current regional partnerships for regional security and resilience. It is the recommendation of this project that the nonprofit sector in the National Capital Region should be considered as a major partner in a regional partnership for infrastructure protection and disaster preparation. The Selection Criteria included in Chapter 1 be used to select potential partners from the following types of organizations: Emergency Services/Mass Care, Schools and School Services, Religious and Cultural Outreach, and Existing Associations of nonprofits, as well as any other organizational types that stakeholders view as necessary partners.

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<sup>20</sup> The Community Resilience Manual, Ibid p. 12

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