

As seen in



Flooded with work: Young's Cleaners lost both of its plants when Hurricane Katrina hit New Orleans. How does a restoration specialist cope when it's a victim, too?
(RESTORATION SERVICES)

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As a member of the Certified Restoration Drycleaning Network (CRDN) since 2003, Dale Velez was no stranger to helping homeowners in New Orleans and the surrounding areas recover from fires and floods. But when Hurricane Katrina struck, Velez suddenly found himself facing the same situation that had brought most of his customers to his door.

A New Orleans native, Velez and his brother, Don, had been running the family business, Young's Restoration & Drycleaning, since their father retired in 1990. The business had been in the family since Velez's maternal grandparents had opened the first plant near Lake Pontchartrain in New Orleans in 1940. Velez joined Young's in 1981, a year after his brother.

By the time Hurricane Katrina hit in 2005, Young's operation had expanded to include two plants-on-premises--the original 10,000-sq.-ft. plant and a second, 6,400-sq.-ft. plant purchased in 1990--and four drop stores. In addition, Velez had just added a new, 12,000-sq.-ft. warehouse storage facility for the operation's restoration work a month before the hurricane.

All of it was destroyed when Katrina hit on August 29, 2005. "We lost everything--and I mean everything," says Velez. "We lost over a million dollars' worth of equipment, our warehouse, drop stores, both plants, even my brother's house. There was absolutely nothing salvageable, and we had to start from scratch."

Ironically, Velez had gone over his insurance policy during a routine renewal in April 2005, and his agent said that the coverage was thorough enough so that the entire city of New Orleans would have to be wiped out for Young's to be in any trouble.

When Velez considered the potential for flood damage, he envisioned cleaning up after a few feet of water. But the original Young's plant was in the last part of the city to drain, and stayed under 10 feet of water for three weeks. The other plant was under seven feet of water for almost two weeks.

"The last hurricane to hit New Orleans was Hurricane Betsy back in 1965, and there had been no flooding from that," Velez says. "It never crossed our minds that we might lose both plants at the same time. We'd always assumed that even if one plant went out of commission, we could shift work to the remaining plant and keep things going."

Velez was determined not to let the storm put him out of business, though. His plants may have been underwater, but being a CRDN affiliate allowed him to keep the restoration business afloat. Three days after the city was evacuated, Velez' CRDN franchise was up and running. He had the operation's land line rerouted to his cell phone and began taking on customers.

He farmed out work to CRDN partners in the surrounding areas, from Houston to Oklahoma City to Alabama. He and his brother drove to customers' disaster sites and piled the damaged goods into their own cars to drive to other affiliates' locations, or to a halfway point.

It took a few weeks to iron out the kinks in the pickup-and-delivery system, but soon, it was "a no-brainer," Velez says. The situation eased further in October, when a fellow CRDN affiliate in Oklahoma City bought two Dodge Sprinters for Velez and his brother to use for transport. Velez and his brother kept Young's restoration services going like this for nine months.

"It was the right thing to do, because it kept our name out there, letting people know we were still in business. More importantly, it was a way for us to keep making money," Velez says. "Without my CRDN partners and the network's support, we would have folded. CRDN was the catalyst for bringing all the partners together to help us."

Velez didn't wait for the storm to end before launching his own disaster-recovery plan, either. He had an inkling of how massive the damage would be and applied for a SBA loan two days after evacuation.

"If you don't take the bull by the horns, you're behind on the ball and in huge trouble," he says. "If I'd waited until the city was reopened to apply for that loan, I'd have been out of business. It took eight months for the insurance adjusters to start showing up. I called every day to make sure that loan came through as soon as possible."

SURVEYING THE DAMAGE. Even with the loan, Velez had to fight to keep the business from going under. As soon as the floodwaters receded, it became clear that there nothing could be salvaged from either plant or any of the stores.

The plants' equipment had corroded beyond repair, and the buildings were too damaged with water and mold to house businesses. All clean-up work had to be done without electricity because the power lines and gas mains had been damaged by the storm. Velez hired a clean-up company to get the heavy equipment and detritus out of the buildings and closed their doors.

The warehouse, however, wasn't a complete loss. Although the doors had been blown out by floodwaters and its contents washed away or badly damaged, the structure itself was sound. Most importantly, the warehouse wasn't left sitting in water, since its neighborhood had drained quickly. Velez knew that the fastest way to get back into business would be to rebuild the plant in the warehouse.

"Before Katrina, we had thought about eventually combining our storage facility with a plant, but we couldn't see closing either one of our plants because they had been in our family for so long," he says. "After the storm, it was the only choice we had."

The damage was covered by Velez' insurance since the warehouse hadn't been submerged, and he used the money to pay for its repairs and reconstruction. Through CRDN, Velez contacted Troy, Mich.-based Eagle Star Equipment, which helped with the layout of the new plant and provided the equipment covered by the SBA loan.

There was still no access to electricity, water or gas, however, and the city had no workers to spare. Velez was forced to hire individual contractors to make the repairs necessary and hook up utilities to the warehouse. To keep things running, Velez set up an office outside New Orleans to coordinate the reconstruction effort with contractors and city officials: Don stayed at the warehouse to manage on-site work.

“I can’t tell you how much of a fight it was to keep things moving,” Velez says. “Contractors would show up at the same time at the site and fight over space. I had shouting matches with Mayor’s office and the city developer’s office. Those guys probably never want to hear from me again.”

Velez’ hard work paid off, though. Less than a year after Katrina hit, Young’s new plant and warehouse was open, and Velez was again cleaning retail and restoration work. The refurbished warehouse now features an 80 ft. by 80 ft. cleaning plant with five pressing stations, two shirt stations and six commercial washers.

“The entire space is designed for flow and efficiency,” Velez says. “We knew it would be difficult to find equipment, and we had to make every cent count. We’re thinking in terms of pennies and nickels, not nickels and dimes.”

CHANGING PRIORITIES. Today, Velez considers his operation fully recovered from the hurricane, but some aspects of the business were irrevocably altered. Before Katrina, for example, Young’s had several commercial accounts with textile-rental companies, cleaning party linens. After the recovery, Velez discontinued the service to focus on restoration and retail work. Last March, he opened a second retail store.

“It would have been too hard to find enough employees to handle all that work, plus we only had a limited amount of money for new equipment, and new flatwork irons would have been too much,” Velez says.

Before the hurricane, Young’s had a staff of 54. Young’s now has a five-person management team and 32 staffers, only five of which are from Young’s original staff. There are still many former employees who Velez hasn’t heard from or about.

“You learn to be a little more humble after an event like Katrina,” he says. “We’re more cognizant of what we’re cleaning and how we’re cleaning it, and how we’re running our business.”

The balance between retail and restoration has also shifted dramatically. Before Hurricane Katrina, restoration services accounted for 30% to 40% of Young’s business. Now, restoration makes up the bulk of the work, while retail cleaning only takes up 30%. “I used to think of restoration as kind of an add-on to our retail drycleaning business, but now I see the two as totally separate businesses,” Velez says.

Velez admits that New Orleans’ recovery from Hurricane Katrina is an ongoing process. Parts of the city are still devastated, and people are returning slowly. He’d like to see more retail business, since sales are not yet back to pre-Katrina numbers, but he sees it as a natural effect of the hurricane.

“There’s less retail drycleaning because there are simply [fewer] people here,” Velez says. “But we get our restoration business from all over the area--not just New Orleans. Restoration is going to be the major part of our business for a long time.”

After the hurricane, several colleagues told Velez he should give up and start somewhere new, but he was adamant about remaining in New Orleans. “Relocating was never an option,” he says. “New Orleans is my home. Staying and helping rebuild this city was the right thing to do.”

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