

The Blue Strawberry Coffee Company was established in 2003 as what has been referred to as a ground breaking establishment preceding the revitalization of Downtown Cedar Rapids. Over the last five years it has become an icon in the downtown district and a must stop for visiting politicians, performers and tourists alike. The local business community has embraced it and voted it the Corridor's "Best Coffee House for Business Meetings". As a result of the Blue Strawberry's success, other establishments have ventured into the downtown district.

On June 11, 2008 the City of Cedar Rapids was devastated by an unprecedented flood, magnanimous in scope. I was cynical at first, assuming that the water would crest far short of 118 2nd Street and believed I would be back in business brewing coffee and making lattes within a few days. After all, we were not in the so-called 500 year flood plain. I soon realized that the situation was going to be much more serious than I had imagined. Now, more than three months later, we are still out of business and awaiting the renovation of the building we used to occupy.

When I fully realized the extent of the damage and the amount of time and money it would take to rebuild, I began to weigh the options. Bankruptcy was an obvious choice. However, I ruled that out rather quickly given the fact that the Blue Strawberry had been a vital part of the downtown community and its presence was an important part of the rebuild campaign. The business had been profitable and I was not willing to throw five years of hard work down the drain.

Consequently, I made the decision to look seriously at rebuilding the Blue Strawberry. In doing so, I had to look long and hard at the financial position of the company. Not only had I lost nearly all of the equipment, inventory, furniture and fixtures, and improvements associated with the flooded location, I also lost all the equipment and furniture from another recently closed shop that had been stored at the downtown site. I was now faced with two outstanding bank loans, no collateral and no means to make payments on those loans. In addition, there were other outstanding payables to vendors.

Because of this significant existing debt, I was reluctant to even attempt to borrow additional money. I was encouraged by my banker and

others to at least apply for an SBA loan amid rumors of possible grants and/or forgivable loans for those who participated.

With this in mind I submitted the paper work. The individual assigned to verify and assess the damage was in contact with me immediately and made his on site visit shortly thereafter. I received word approximately two weeks later that my loan was denied. After a brief discussion, the loan officer re-evaluated the application and approved a loan for \$107,000 at 4% over a period of 19 years. This amount was about \$50,000 less than what I had requested based on the damage assessor's conclusions.

Unfortunately, when the paper work arrived there was an error in the listing of officers of the company. I had noted the change in an addendum filed with the application but it had been overlooked. As a result, the paperwork had to be resubmitted. I received my final loan package about two weeks ago. The amount of the loan was reduced to \$102k because of a \$20k grant and forgivable loan I had received from the City's recovery fund.

Throughout the process the individuals at the SBA that I dealt with at all levels were helpful and seemed eager to make things happen as quickly as possible. That is not the case with many other applicants. Some are still awaiting word on loans submitted in July. Others are puzzled as to why they have been turned down. And many who have been approved can't understand why the SBA interest rates are higher than what is available through local banks.

The frustration level is high. I hear again and again that we don't need more debt, we need grants and forgivable loans. People are upset with the lack of attention this disaster is receiving from the government. The situation is serious. As one businessman put it, "Just as a beach is many grains of sand, a local economy is many small businesses. Wash away the sand and there is no beach". I think the analogy is clear.

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