First Business Case Management Program For A Natural Disaster

Cedar Rapids, Iowa – June 2008 Flood

January 2012
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Executive Summary

Cedar Rapids Flood Story
On Friday, June 13, 2008, the Cedar River crested well beyond the 500-year floodplain covering over 10-square miles of the city.

The river rose very quickly. The water increased from the flood stage (12 feet) to the crest (31 feet) in only three days. In the 24 hours before the crest, the level rose 11 feet, which caught the community off guard. The river dropped quickly back to flood stage in only eight days.

The city experienced more than $6 billion of damages to businesses, housing, and the city’s infrastructure, making this the 5th largest disaster in U.S. history.

<table>
<thead>
<tr>
<th>Flood Magnitude</th>
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<tbody>
<tr>
<td>• 31.12 feet - Crest of Cedar River, more than twice the flood stage</td>
</tr>
<tr>
<td>• More than 10 square miles (14 percent) of the City, 1,126 city blocks impacted</td>
</tr>
<tr>
<td>• 5,390 homes impacted, 18,000+ residents dislocated, 310 city facilities damaged</td>
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<table>
<thead>
<tr>
<th>Affected Businesses</th>
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<tbody>
<tr>
<td>• 943 Businesses with Overland Water (757 at ground level &amp; 186 upper floor)</td>
</tr>
<tr>
<td>• 81 Businesses fringe to flood area (power/steam loss, sewer back-up, etc.)</td>
</tr>
<tr>
<td>• 173 businesses closed</td>
</tr>
<tr>
<td>• More than 2,500 jobs were lost</td>
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A business grassroots organization, the Cedar Rapids Small Business Recovery Group, was created within days of the crest and quickly created a unified voice for the business community. Their leaders served on the Chamber’s Flood Recovery Committee including its chair. It was this group that identified the need for the creation of a Business Case Management Program.
Business Case Management Program
In January 2010, The Cedar Rapids Chamber of Commerce implemented the “Business Long Term Recovery Initiative” also commonly known as Business Case Management, which was the first of its kind nationwide in disaster recovery. The program was set up to provide direct one-on-one assistance to the flood affected businesses. Case Managers were to serve as strong advocates for business owners, empathetic ears and counselors.

This program was funded both with state monies initially and then with federal monies as the program expanded.

Over a two year period of time, the Case Management Team of business professionals reached out to 1,230 businesses to determine their flood status and recovery needs.

To deliver these services, partnerships were formed with several organizations along with the case managers providing services directly. These partnerships included SCORE (national mentoring organization and resource partner with the Small Business Administration), the Small Business Development Center and the Safeguard Iowa Partnership.

565 businesses received one or more kinds of services from the Business Case Management Team and its partner organizations. 2,967 engagements were recorded (face-face meetings, extended phone calls, preparation sessions). That’s an average of five engagements per business.

![Graph showing 565 Businesses - 1 or more Engagements (total of 2,967)]

**Business Needs Follow-up Meetings:** Meetings designed to clarify the needs of the businesses as well as to gather additional business data.

**Advisory Counseling:** The most frequent services were in the area of sales, marketing, finance, accounting, business planning, and communications.

**Workshops:** Monthly workshops were designed to address the business’ needs focusing on sales, marketing, tax planning, and disaster planning.

**Funding Advocacy:** Help the business owners understand the funding programs and determining their eligibility as well as identifying acceptable to documentation.

**Documentation:** Help business owners gain a better understanding of the JumpStart2 programs, especially equipment/inventory support, as well as preparation of case reviews for specific situations.

Case Managers’ contributions helped support the collaborative efforts of multiple organizations that improved the survival rate of businesses compared to national statistics at the three year mark.
A substantial part of the Case Managers’ work was involved in playing an Advocate role for businesses to help them through the JumpStart2 funding process. Their effort in partnership with other organizations has resulted in more than $45,000,000 being paid to businesses.

This initiative ended in December 2011 and businesses with continuing needs were transitioned to the resource partners.

The website for The Cedar Rapids Area Chamber of Commerce contains other materials to help communities take advantage of the experiences learned by this community.  http://www.cedarrapids.org
Pre-Business Case Management Program - 18 Months Following the Flood

This section describes the collaborative efforts of many organizations all working together to help the business community recover.

Community Response:

The community, overall, was extremely quick in responding to the flood. There was no lapse in time starting the recovery process and rebuilding started within two weeks of the water receding. Several groups, committees, organizations and individuals participated in flood recovery efforts in different capacities. Over time many of these efforts learned that collaboration and communication were key to the work that they were performing.

Cedar Rapids Small Business Recovery Group (CRSRG):

Cedar Rapids Business owners began organizing as a grass root effort immediately after the flood of 2008. The group focused on the issues that now faced the business community as a result of the flood.

The first informal meeting occurred on Sunday June 15, 2008 which was day three of the flood. This meeting was held in the home of a local businessman and in attendance was a couple of other flooded business owners. The group discussed the purpose of their efforts, who would lead the group, provided structure around organizing their effort and identified specifically what their next steps would be in forming a unified voice for the business community.

The first formal meeting of business owners took place the week after the crest of the flood at a local union hall. Over 250 business owners were present at the meeting. Representatives from the City of Cedar Rapids, FEMA, Small Business Administration and some congressional representatives were in attendance. The meeting presented information about disaster assistance available through the Small Business Administration, contact information for several businesses owners willing to discuss their current situations and more importantly provided a forum for business owners to voice their concerns and share their story. A President was appointed and the group became known as the Cedar Rapids Small Business Recovery Group. The committee met regularly to discuss issues including the need for financial assistance, road blocks, the need for resources and helping one another.
Leadership for business recovery all pointed toward the same goal, but the direction from organizations took a different path than that of the grass roots group. In the early going, there were tensions, but eventually the movements joined up and a unified effort developed. Dissention resulted in collaboration rather than separation which was an important element in creating a strong unified voice for business. The Chamber Chair attended a meeting of this grass roots group a few weeks after the flood where differences were aired and resolved. From there, considerable action came forth including business assistance programs. The Cedar Rapids Small Business Recovery Group evolved over time and the leadership continues to provide assistance and oversight of the business recovery efforts in Cedar Rapids.

The Role of the Chamber of Commerce:

Organizational leadership for business came through the Cedar Rapids Chamber of Commerce which the community looked to as the voice of business. The Chamber was closely partnered with its economic development organization, Priority One and the City of Cedar Rapids. Chamber staff and members focused on the overall business community including small business, while Priority One was the organizational leader for large business and industry. In addition to the hundreds of businesses directly impacted by the flood waters, several of the larger industrial and manufacturing businesses had to shut down due to loss of power, loss of sewage discharge and diminished water capacity shut down production, causing tremendous economic losses from the incapacitation.

Recovery & Reinvestment Coordinating Team (RRCT):

There was an eight day period of time between the flood crest and when the waters receded below flood levels. During that week a broad group of community leaders formed the Recovery & Reinvestment Coordinating Team (RRCT). Participating organizations included:

- Chamber of Commerce
- Arts and cultural groups
- Schools
- Organized labor
- Legislative interests
- Non-profit human services groups
- Downtown District
- Neighborhood associations
- City and County Government
- Landlord associations

The group met daily for the first two months following the flood to share, discuss and cooperatively resolve city wide urgent and strategic issues and problems.

Community Communication:

Communication to all organizations and individuals working in different capacities on flood related issues was a significant barrier. The need for information was incredible in the immediate aftermath. The community had never experienced this type of catastrophe and much of the information on recovery programs, next steps and actions taken at a State and City level were significant to the work that all parties were doing.

One of the key initiatives of the RRCT was to create a centralized community web site for disaster issues. Local companies such as Aegon and Rockwell contributed to the development and maintenance of the site. Corridorrecovery.org became the main source for all flood related information and helped the community tremendously with resource information and updates throughout the year following the flood.

Flood Recovery Services/Assistance

Every national and state resource that was offered to the City of Cedar Rapids was employed. For business recovery, those included the Small Business Administration (SBA), Small Business
Development Center (SBDC), Entrepreneurial Development Center (EDC), Business Civic Leadership Center (BCLC), the US Chamber, insurance groups and others.

Working Capital Assistance. One of the earliest assistance programs emerged through the Chamber of Commerce and was a locally funded program to get working capital into the hands of businesses. The program was funded by the City of Cedar Rapids, Chamber and Priority One foundations and numerous private contributions through the Greater Cedar Rapids Foundation. Over $6,000,000 was distributed to 330+ small businesses that helped them meet payroll, pay for clean-up and other disaster expenses. Many businesses cited this early financial assistance program as having saved their business. It came at a time when cash was depleted and revenues were considerably low and disaster loans had not yet been finalized. Many of these businesses were operating on the owners assets which included cashing out investments, retirement accounts and use of personal credit cards. SCORE volunteers helped educate businesses and helped them with the application process for this program. A three-person panel of community leaders then reviewed and approved the awards with fund administration conducted through the Chamber.

Jump Start 1 was the name given to the programs structured and funded through State and Federal sources to assist business with grants and forgivable loans. $19,000,000 was allocated and awarded in this early program to fund clean-up and provide needed working capital. Since there was no existing federal process for business assistance, this initial program leveraged the existing commercial loan qualification structure. A business could receive up to 25%, capped at $50,000 of documented commercial loan eligibility; i.e., a business approved for a $200,000 disaster loan through a bank or SBA could qualify for Jump Start assistance equal to $50,000 (25%) in the form of a forgivable loan.

Local Option Sales Tax (LOST): One of the top priorities of the Cedar Rapids Small Business Recovery Group was to promote the passing of the proposed Local Option Sales Tax (LOST) earmarked for flood impacted homeowners to assist in their rebuilding.

- The CRSBRG President, was insightful enough to realize that no one would be interested in the struggles of several hundred business owners when there were thousands of homeowners impacted by the floods.

- About this same time, the CRSBRG came to the realization that the city as a whole had to recover at approximately the same time.
- Cities can't operate if they don't have a tax base.
- Households can't pay taxes if they don't have jobs.
- Employers can't hire if they have excess debt and can't pay employees.

**Adopt A Business.** Mentoring assistance started to emerge in several ways during early recovery stage. A program called Adopt A Business was organized through the Chamber of Commerce and matched non-flooded businesses and their resources with flooded businesses. Assistance through this program included temporary facilities, business coaching, and financial assistance; clean up labor, construction materials and more.

**Linn County Emergency Management Agency.** The Chamber had a representative housed at the Linn County Emergency Management Agency. Other interests represented at the center included law enforcement, fire, 1st responders, medical, nuclear power plant (DAEC), utilities and public works. Having a business representative in the emergency center proved to be a valuable resource and communication liaison. Business issues directed to the center included chemical evacuations, building access for emergency procedures, water discharge variances, contamination and numerous others.

**Advising Services.** The local Small Business Development Center started an early case management program, helping clients with business advisory services as well as a case manager to help with issues such as building codes and permits. Services such as legal and accounting were widely offered by professionals at little or no cost to their flooded clients. These professional services were especially important to determine losses, apply for loans and grants, file insurance claims, purchase property, file and amend tax returns and much more. Gratitude and loyalty among businesses and these professionals was tremendous and represented another area often cited by businesses as having saved them.

**Relocation.** Local commercial real estate firms provided rapid response to connecting businesses with available sites. Within days, all commercial property throughout the county was fully occupied through leases or building purchases as businesses relocated to permanent or temporary sites. Businesses that had multiple locations preflood fared best, moving or consolidating operations to their other sites was an option. Others were able to purchase or commit to long term leases in new locations. Still others ran operations from their homes. As an outreach element, many non-flooded businesses provided generously to flooded businesses by providing temporary space. Most of this was provided without charge or on a cost of operation basis, which was far below market rents.

**Clean up.** National flood clean up specialists appeared in the city within days. The business community had little experience in dealing with the contracting process and resulted in one of the larger initial problems cited in recovery. Rates for mucking, cleaning, sanitizing and dry down were widely varied and many businesses expressed they were not treated fairly in their clean up contracts. Total costs often exceeded verbal quotes, charged substantial premiums over local service and presented situations of theft.
and worker misbehavior. Clean up through local disaster cleanup firms was rated higher than national contractors, but even some of the local contractors took criticism for rates at times.

**Rebuilding.** The general process for businesses was determining if and how they would rebuild. This was an extremely swift cycle in Cedar Rapids, compared to other disasters such as Katrina. The decision to rebuild was made primarily on the ability to obtain financing (commercial or SBA disaster loan), willingness of employees to participate in the rebuild and the desire of business owners to return to the business they knew. There was little economic data available or considered that offered insight as to how the market would change. The general method was to consider personal ability to start over, obtain employee commitment to make the journey and obtain the financing to rebuild. All of this was with the general trust, the task was immense and much was unknown, but that things would work out.

**Financing for Rebuild.** One of the most immediate recovery activities was to seek financing to rebuild. The Small Business Administration (SBA) was very quick to respond and sent a team to set up a temporary disaster center. The region was declared a national disaster area making the region eligible for special disaster loan funds. Information was provided to businesses, questions were answered and those interested in pursuing these loans were directed through the application process. SBA disaster loans were provided with terms up to 30 year repayment with interest rates of 4-8%. Most businesses stated this was a long and complicated process with a great deal of paperwork and documentation. In addition, collateral and terms of securing the loan were far more than commercial loan requirements. However, those that opted for SBA loans did so primarily because of the 30 year amortization period that was not available through commercial lenders.

**Proposal for Business Case Management Program**

The Cedar Rapids Small Business Recovery Group early on started asking and looking for case management resources to help them with the overwhelming task of disaster recovery. Most owners and managers were consumed by recovery issues while at the same time needing to run a business. The Chamber Flood Recovery Task Force advanced the idea for a business case management program and requested unallocated Community Disaster Grant (CDG) funds being administered through the City to fund such a program.

The Chamber CEO submitted an RFP for City Council consideration and the Chamber was awarded funding for up to two years to provide business recovery services. The Chamber contracted with experienced independent business consultants to develop and provide the first business case management program of this kind. In December of 2009, 18 months after the flood the program launched.
Business Case Management Overview

Program Creation
In January 2010, The Cedar Rapids Chamber of Commerce implemented the “Business Long Term Recovery Initiative” also commonly known as Business Case Management. The program was set up to provide direct one-on-one assistance to flood affected businesses. As an extension to the flood recovery efforts in place, Business Case Management was a new concept and was the first of its kind nationwide in disaster recovery. The program would aid businesses in the following:

1. Evaluate the businesses needs through an initial assessment process
2. Provide businesses with resources to assist with identified needs
3. Provide guidance and assistance to businesses with JumpStart Business programs

The Purpose of the Business Case Management Program was to assist the flood affected business community of Cedar Rapids to ensure long term growth through assessing their current condition, comprehensively identifying their needs and connecting the businesses to available programs and resources which would allow the businesses to develop a plan for implementation and monitor their effectiveness.

Program Operation
The Record:
The Business Case Management Team spent the early weeks of the program building a database that would create a record of the business interaction that occurred. Two database systems were initially created to assist in creating the record needed for the program.

1) Business Contact Manager (BCM)
Microsoft Business Contact Manager was implemented within the first 30 days of the program and served as the “Client Relationship Management System”. In the summer of 2010, the team upgraded to the 2010 version which allowed additional information to be recorded into the system.

The database tracked items including:

1. Dates and type of contact, except phone contacts
2. Contact information of business
3. Type of business by industry
4. Billing transactions
5. Survey data relative to business information

2) Custom Access database
This database was built specifically to record the business data collected from the initial assessment. The Business Contact Manager system served the purpose, but lacked essential program functions such as:

- Limited import/export capability.
- Limited the ability to integrate data systems such as grant status, city assessor data, online survey data and others.
The system also operated with server and offline laptop versions which required periodic synchronization and necessitated special security precautions with data on mobile laptops.

**The Clients:** An early priority in forming the Business Case Management program was to develop a comprehensive list of flood-affected businesses and contact information. The list generated from sources such as JumpStart Business recovery efforts, Chamber of Commerce, community meetings and outreach efforts by a grass roots effort that was formed after the flood by Cedar Rapids businesses called the Small Business Recovery Group.

**The Process:** The first days of activity were spent developing the database and crafting an initial assessment tool used in one-on-one business meetings. Within the first three weeks, meetings had been conducted with 29 business owners in their place of business, testing the initial assessment process. The initial assessment was further refined based on business feedback.

The Business Case Management Team utilized an initial assessment to determine the needs of the business at the time of their first meeting. The assessment made it possible for the Case Manager and business owner to focus on immediate needs and services or mentorships available. The meetings allowed Case Managers to discuss the businesses financial situation, discuss flood recovery programs and evaluate eligibility. Per the initial assessment, data revealed that businesses that had long range strategic plans, flood insurance, little or no debt, and available cash reserves or had a national customer base generally fared better after the flood.

**Surveys:** A web based survey tool was used at various times to get quick feedback from the flooded businesses that the Business Case Management Program was assisting. The encryption module was used to assure participants that their information was secure over the Internet. Participation generally ranged between 200 and 350 of a target list of 900+ businesses.

- January 2010  Financial data (additional debt load/reason for debt and operating cash projections) that were used to build a case for improved funding programs.
- February 2010  Financial data (documented loss amount and insurance payments to develop a funding mechanism for a limited amount of state grant money.
- August 2011  Business owners’ thoughts about their 12 month planning forecast regarding changes to profitability, customer base/market changes, employee count, equipment and capital investments.
- October 2011  Current information regarding revenue and employee count as well as value of the services delivered; mentoring, workshops, and support for funding programs.

**Workshops:** The workshop series was designed based on business’ expressed needs. The most significant need from businesses was marketing. Business owners continued to struggle with the significant loss of revenue as their business model had changed. The use of Social Media was foreign to many business owners and there was a growing need for tax planning as businesses anticipated receiving assistance through the JumpStart Business programs. In virtually all cases, workshop presenters were owners of flood affected businesses.
<table>
<thead>
<tr>
<th>Month</th>
<th>Topic</th>
<th>Organization</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb</td>
<td>Informational Session: Explanation of new funding programs &amp; introduction of Business Case Management Program and Team – 2 sessions</td>
<td>JumpStart2Biz and Chamber</td>
<td>195</td>
</tr>
<tr>
<td>Apr</td>
<td>How To Easily Size Your Market &amp; Assess Your Chances for Survival: A simple process to evaluate the size of the customer base.</td>
<td>Chair, SCORE</td>
<td>21</td>
</tr>
<tr>
<td>Oct-Nov</td>
<td>Informational Session: Explanation of funding program changes &amp; promotion of Case Management Services – 3 sessions</td>
<td>JumpStart2Biz and Chamber</td>
<td>119</td>
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2011 Joint BSI/Chamber Academy events began in April

<table>
<thead>
<tr>
<th>Month</th>
<th>Topic</th>
<th>Organization</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>Tax Planning – Jumpstart Awards – Keep More Money in Your Pocket: Purpose was to raise the level of awareness about the tax impact of the funding awards. – 2 sessions</td>
<td>Director, McGladrey</td>
<td>48</td>
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<tr>
<td>Feb</td>
<td>PREVAIL (motivational event - A nationally recognized speaker talked about the messages in his book called The Truth about Success)</td>
<td>Author &amp; President, Wynn Solutions</td>
<td>200</td>
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<tr>
<td>Mar</td>
<td>Five Keys to Improve your Bottom Line: Focused on new trends, budgeting, communications, web presence, customer targeting</td>
<td>Owner – de Novo Alternative Marketing</td>
<td>27</td>
</tr>
<tr>
<td>Apr</td>
<td>Growing Sales: The pivotal item necessary grow and/or grab market share</td>
<td>Chair, SCORE</td>
<td>17</td>
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<tr>
<td>May</td>
<td>Demystifying Search Engine Optimization: Five steps to boost your website ranking:</td>
<td>Vice President, Informatics</td>
<td>21</td>
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<tr>
<td>Jun</td>
<td>Preparing for the Unthinkable - Natural Disasters: A hands-on workshop using a planning template</td>
<td>Pres., Bimm Ridder, Case Mgr &amp; Dir., Safeguard Iowa</td>
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</tr>
<tr>
<td>Jul</td>
<td>Seven Steps to a Powerful Sales &amp; Marketing Funnel: Define ideal customer, product uniqueness &amp; value, key promotional messages</td>
<td>CEO, Henry Russell Bruce</td>
<td>28</td>
</tr>
<tr>
<td>Aug</td>
<td>Marketing – Doing It Right &amp; Getting Results: Evaluate product value, leveraging staff, why people buy, pricing, promotional techniques</td>
<td>General Manager, KZ1A Z102.9 &amp; 1600 ESPN Radio</td>
<td>21</td>
</tr>
<tr>
<td>Sep</td>
<td>Measuring the Value of Your Business: Explanation of the concept of economic value added, building value and exit strategies</td>
<td>Managing Directors, INTEGRUS Consulting</td>
<td>9</td>
</tr>
<tr>
<td>Oct</td>
<td>Employment Law Updates: Topics included hiring, social media, legislative update, ADA/FLMA</td>
<td>Partner, Bradley &amp; Riley PC</td>
<td>10</td>
</tr>
<tr>
<td>Oct-Nov</td>
<td>Social Media Series: Six workshops covering strategy and specific tools like Facebook, Twitter and blogs.</td>
<td>Owner, 3ChipMedia</td>
<td>31</td>
</tr>
<tr>
<td>Nov</td>
<td>Investment in Excellence: Practical guide to cultural transformation both in organizations and the community.</td>
<td>Community Leaders – Pacific Institute</td>
<td>4</td>
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Insights

Insight #1 – The workshop series started at the beginning of year 2.
- **Change:** Concentrate on offering workshops much sooner after the disaster.
- **Outcome:** Advisory services tied to specific needs would have been available and could be a key identifier of those needing help as well as those who are willing to engage.

Insight #2 – Creation of small business owner roundtable groups started midway in year 2.
- **Change:** Concentrate on creating these groups much sooner after the disaster.
- **Outcome:** Facilitate business owners’ exchange of common problems and solutions as they move through the recovery process.

Case Managers

The Business Case Management’s initial team in January of 2010 was a staff of five people consisting of four Case Managers and a Leader. The Case Managers all had experience in small business ownership, general management skills, and were seasoned professionals within the Cedar Rapids business community.

After the program had been operating for eight months additional resources were added due to the need expressed. In September 2010, the Team grew to ten people. The team added three additional Case Managers, a Communications Specialist and an Administrative Manager.

A. Case Management Assistance with Jump Start 2 Business Programs

Government assistance through the JumpStart 2 Business programs became available in December 2009 to flood affected businesses. Federal assistance programs required businesses to provide various levels of documentation such as:

- Equipment and inventory receipts
- Application forms
- Tax information
- Insurance information
- Employee wage information
- Leases
- Building occupancy permits
Scope of Services

The diagram below characterizes the extent of services delivered by the Case Managers.

Funding and Billing of the program:

This Business Case Management Program was funded by two sources:

Initial:  Community Disaster Grant – state funding  
Expansion:  Community Development Block Grant – federal funding
Billing for services was one part of the administrative functions of the program. Billing was completed per event which was when a Case Manager interacted with or provided a service to a business. The following were the four categories used for billing and administrative purposes.

1. Business Assessment: This was the initial meeting with the business owner.
2. Follow-up Advisory: This was an event associated with a service provided by a Case Manager which may be marketing, business planning, financial or accounting review, resource referrals with community organizations.
3. Follow-up General: This was an event used for funding advocacy which was assistance with JumpStart Business applications and eligibility, workshop events and business needs follow up meetings.
4. Documentation: This event was used when Case Managers helped businesses with understanding the JumpStart Business programs and the required documentation needed with the application.

Collective Business Issues

The process of interviewing businesses, developing relationships, providing resources, and information obtained from survey and focus group feedback identified the following as the primary issues businesses faced resulting from the flood.

Financial
- Loss of revenue leading to cash flow crisis for the business owner included:
  - Temporary business closing
  - Customers displaced by the disaster
  - Customers who could not find the business
  - Customer fear/apprehension about going into certain areas and stability of businesses
  - National recession
  - Inability of business to produce at normal levels
- Personal assets of owners were a primary resource to fund rebuilding and subsidize business cash needs.
- Businesses experienced significant increases in long-term debt with little or no return on investment (ROI) on new disaster debt overhead
- Loan and debt decisions made without much knowledge of future impact to the market.
- Businesses saw employee losses due to personal homes flooding.
- There was need for staff down-sizing and layoffs.
- Personal flood loss in addition to business loss causing there to be no separation from the disaster.
- Recapitalizing the business drained or greatly reduced personal assets of owners.

Business operation
- Clean-up contract issues including price-gouging, theft, and local company sub-contracting to outside firms, difficult to understand contracts.
- Businesses had to make choices about what equipment they could afford to replace. Many reduced equipment capability.
- Issues from humidity caused computer and equipment failures months after the flood.

Flood Recovery Programs
- Lack of a comprehensive source of disaster recovery information for business.
- Many government requirements resulted in hurdles for businesses.
Impact of Flood

- There is a huge emotional toll on individuals which often was a barrier to making progress on redevelopment.
- Professional mental health consulting services could have been more widely offered through discrete means such as business case management contract and could have been available much longer as emotional stress built.
- Lack of suitable facilities to relocate within desired geographic areas.

Barriers

- City code and building permit issues
- Davis-Bacon requirements for construction that was in any way federally funded. Impacted many steam utility contracts and held up payments. Most contractors had difficulty providing documentation after the fact. The Davis-Bacon Act of 1931 is a United States federal law which established the requirement for paying prevailing wages on public works projects. All federal government construction contracts, and most contracts for federally assisted construction over $2,000, must include provisions for paying workers on-site no less than the locally prevailing wages and benefits paid on similar projects. Davis-Bacon requires a substantial amount of documentation be provided on an ongoing basis including payroll reporting. This was a substantial barrier to comply.
- SBA loan issues included heavy collateral requirements, security interest, owner income restrictions, home refinancing restriction, substantial documentation requirements, lost paperwork, rep assignment transfers. Terms were generally 4 percent and 8 percent interest rates, up to 30 year term. 8 percent if you could obtain financing elsewhere.
- Businesses had many agencies to work with that were outside their normal course of business. The Business Case Management Program provided resources to help with understanding requirements and working effectively with various agencies.

Positive Outcomes

- Local financial assistance was most timely, then state, then federal.
- Businesses did a tremendous job of helping themselves.
- Employees, overall, were phenomenal during the flood and in rebuilding. Many loyal employees.
- Volunteer clean up labor and other assistance was abundant in the first several months. Non-flooded businesses helping flooded business. Competitors helping their flooded counterparts.
- Commercial banks in the area were highly responsive.
Lessons Learned
- Important wet documents should be preserved instead of disposed of. Methods include air drying, freezing, etc.
- Businesses with the largest percentage of unreimbursed expenses/loss through insurance or grants are large businesses and commercial building owners.
- Many businesses discovered business interruption insurance was invalid because the underlying flood peril was not covered.
- Sewer backup insurance coverage varied greatly by insurance company.
- Many businesses threw away more than needed. More could have been salvaged.

Program Evaluation
During the process of the Business Case Management Program several changes were made to accommodate the needs of the business community. The program was ever changing and new components were added to build the strength of the services. As the program completed two years of operation the following are key successes and reflections of how the program operated.

In future Business Case Management initiatives, the following should be considered in the structuring of the program to maximize efficiency and effectiveness.

Successes
- Face-to-face meetings and assessments were held at the business owners’ sites focusing on the individual needs of the business. This setting permitted the free flow of information and conveyed the advocacy role of the Case Managers.
- Collaboration with third party mentors, coaches, business experts were established and leveraged early in the initiative. Key organizations providing mentors included the Small Business Development Center and SCORE.
- Case Managers providing advisory services had business ownership and leadership experience.
- Developed workshops based on the expressed needs of business owners including sales, marketing including social media, tax planning, business strategy, and grant education.
➢ Educated businesses about grant program eligibility and hands-on documentation support to insure the business’ received maximum awards.

➢ Case Managers coordinated business owner meetings with legislators and media to convey their stories, and establish the need for assistance programs and recovery resources.
➢ A database with business and statistical information about the disaster was created to support the delivery of needs based services. This information also assisted in creating new funding proposals as well as revisions to early recovery funding programs.

➢ Partnered with the funding program administrator to problem solve program and client issues.

➢ Worked with the Chamber’s Flood Recovery committee, city, state, HUD and businesses to develop and propose more effective grant programs targeted at areas of unmet need.

Insights

Insight #1 - The Business Case Management program was not put into place and operational until 18 months after the flood.

- Change: The Business Case Management Program should be operational immediately after a disaster to be most effective.
- Outcome: Businesses would be engaged at the time of the disaster and linked with resources immediately. Businesses would benefit from the initial assessment to help determine critical issues in business redevelopment and a plan of action would be developed.

Insight #2 - There was a three to four month period between the time of the initial assessment and the delivery of services.

- Change: The delivery of services to businesses per the initial assessment would be delivered through the use of referrals for services and one-on-one assistance from the Case Managers would occur on a regular basis.
- Outcome: Connection to resources to work on items that were identified as needs would empower businesses and assist them in their redevelopment process.

Insight #3 - The database software that was used for recording the client contact and services provided had limitations.

- Change: The database software would be able to record all client contacts, services provided and would allow for full import/export ability to record survey data. A cloud-based (web access) Customer Relationship Management (CRM) system or similar platform would be optimum.
- Outcome: The database software would be user friendly, provide mobile access, tiered security, real time data and connectivity to outside sources such as grant data.

Insight #4 - Performance measurements were not clearly established at the start of the program.

- Change: Clearly defined, performance measurements and goals for how program success would be measured would be established prior to program delivery
- Outcome: Performance measurement results would determine program impact, changes needed, investment and success.
Insight #5 – There was no one source of business contact information which presented problems such as multiple business contact data bases, different business names were presented, contact information varied.

- **Change:** There should be an identified source within the community who is tracking business information including contact information, location, revenue, employee count, and industry.
- **Outcome:** Having a readily available database would allow the Business Case Management Team to reach out to businesses in a systematic fashion, Case Managers could have been best matched with industry type, and businesses in the highest flood impacted areas could have been made priority and assurance that all businesses were offered services.

Insight #6 – Not all businesses were interested in engaging in the Case Management Services offered.

- **Change:** Have the Business Case Management Team in place shortly after the disaster and have marketing efforts established to promote the value of the service available.
- **Outcome:** More businesses would engage and the number of businesses serviced would increase.

**Communications**

Communication played many roles and was delivered in a variety of ways throughout the life of the Business Case Management Program. At the beginning, there was not a dedicated Communications Specialist on the team. Early program communication was primarily completed through email and, to a lesser extent, by regular mail. In September of 2010, a full-time Communications specialist was added.

The program used communication in the following capacities:

1. Program marketing.
2. Program branding; The initiative name change from Business Long Term Recovery to Business Success was intended to send a clear signal to the flood affected businesses that they are turning the corner of recovery with a position look toward the future.
3. Notification of workshops.
4. Notification of community resources available.
5. Notification of business related events; email, letters, postcards, handouts during client visit and flyers were created.
6. Use of Social media; feature stories were written and posted. There were between 100 and 200 who connected on Facebook or followed on Twitter.

   **Stay connected!** [Like us on Facebook](#) [Follow us on Twitter](#) [Read our blog](#)

7. Messaging was completed through bi-weekly “News to use” emails, letters, postcards, the Chamber of Commerce reports and media releases.
8. On-line surveys were created where critical data was collected.
9. Messaging was completed through the City of Cedar Rapids internal newsletters and community notices.
Insights

Insight #1: Communications with flood-affected businesses to inform them on issues and make resources known is an important need throughout the life of the program.

Change: A communications resource would be structured into the program through internal or external means.

Outcome: intensive outreach and promotion of available services, announcements and events would have been more efficient, effective and may have resulted in more program participation and more impact to the business community.

Community, Regional and At Large Partnerships

The Cedar Rapids Area Chamber of Commerce. The Chamber is the catalyst to promote economic vitality and quality of life in Linn County.

Cedar Rapids Small Business Recovery Group. Organized by three owners of local flood affected small businesses in the wake of the June 2008 floods. The goal was to encourage the immediate provision of assistance to flood affected small businesses. Their mission is to ensure that flood-impacted small businesses in the Cedar Rapids, Iowa area remain a major economic engine within the corridor.

Small Business Development Center (SBDC). The Kirkwood SBDC provides the highest quality assistance to current and future small businesses in Linn, Benton, and Jones counties.

SCORE. An association dedicated to educating entrepreneurs and helping small businesses start, grow, and succeed nationwide; a resource partner with the U.S. Small Business Administration (SBA).

Safeguard Iowa Partnership. A voluntary coalition of the state's business & government leaders, who have committed to working together to prevent, prepare for, respond to and recover from Iowa disasters.

University of Iowa Pappajohn Entrepreneurial Center. A unique partnership within The University of Iowa among the Henry B. Tippie College of Business, College of Engineering, College of Liberal Arts and Sciences, and University of Iowa health sciences.

Entrepreneurial Development Center. A private/public sponsored business accelerator whose mission is to provide economic growth in the Technology Corridor and throughout Iowa through the expansion and development of entrepreneurial enterprise

Center for Industrial Research and Service (CIRAS). An extension and outreach organization of Iowa State University which provides applied research, education, and technical assistance to Iowa industry through partnerships with Iowa's universities, community colleges, and government agencies.
**East Central Iowa Council of Governments (ECICOG).** An intergovernmental council to promote regional cooperation and to provide professional planning services to local governments in eight local counties including Iowa County.

**Rebuild Iowa Office (RIO).** Established to coordinate the state-wide recovery effort after the historic floods, tornadoes and severe weather of 2008. The RIO worked with all local, state and federal recovery partners to encourage cooperation and communication and to ensure a successful recovery for Iowa.

**City of Cedar Rapids.** Community impacted by the Flood of 2008.

**Iowa Economic Development Authority.** State assistance entity.

**US Small Business Administration (SBA).** United States government agency that provides support to entrepreneurs and small businesses.

**US Department of Housing and Urban Development (HUD).** Federal Assistance entity.

**Grant Funding & Programs**

In 2009, Congress passed a disaster aid bill appropriating $85 million in funding assistance to Iowa businesses. Cedar Rapids had the majority of businesses affected by the floods and was due to be the largest recipient of these funds. The first iterations of grant program development using these funds offered rent assistance for businesses and lost rent reimbursement for landlords. Later programs then targeted larger areas of unmet need including equipment and inventory replacement. While the intent of the program was good, the equipment and inventory program, initially, was impossible to administer to acceptable federal documentation standards and was quickly modified to be better aligned with the documentation available from businesses.

The Stafford Act is a federal law intended to prevent fraud and protect tax-payer interests in use of federal funds in post-disaster assistance. The law lays out a funding hierarchy that establishes federal sources be used to reimburse losses that can’t be funded through other means. It sets the priority of recovery money to come first through a business’ own resources, then local sources, then state sources and finally federal assistance as a last concern. A duplication of benefits is meant to prevent assistance from various sources funding the same item of loss.

A ruling on duplication of benefits came out that defined loans as a source of assistance. The majority of businesses had either a commercial disaster loan or an SBA disaster loan as their first method of paying for recovery and rebuilding which caused most applicants to be ineligible due to duplication of benefits. After considerable lobbying, HUD determined that loans obtained commercially were private funds and therefore not a duplication of federal funds. SBA loans were ruled to be duplications of federal money, but interpreted that businesses could qualify for the grant awards and have the money paid directly to the SBA and applied to their disaster loans.

The Business Case Management Team worked closely with City, State and federal agencies to revise grant program design as well as provide new programs designed around unmet needs and the documentation that businesses were able to provide. Those organizations, including the case management team, worked together to obtain assistance from congressional offices to work through HUD on major
issues that had stalled the grant process. Those efforts funneled through Congressman Dave Loeb’s office and resulted in a conference with HUD in Washington DC. The issue halting nearly every award was a duplication of benefits (DOB) ruling. The collaboration team was able to resolve the DOB issue with federal officials. As follow up, the local team made recommendations on program design modifications and how documentation requirements could be attained through available business records including tax returns, SBA loss verification reports and other 3rd party documents such as insurance.

A challenging element of designing, implementing and administering grant assistance is the auditing process. These assistance programs are structured and approved by HUD and state economic development agencies, then audited by other agencies. The interpretation of compliance is based on written guidance to these programs more so than program intent. Since these programs were the first of their kind, there was no template or established program to adopt. As such, the auditing process leaves room for interpretation by a group that was not part of the programs design or intent. Eligibility, non-compliance and repayment situations result from this process flaw in cases where no fraud exists. While audits are meant to protect intended use and identify fraud, they become the leading element of program effectiveness rather than the trailing accountability safeguard they are meant to provide.

The other flaw that is present in the grant process is the complexity of working through layers of governments. Grant process flow is onerous and inherently inefficient.

Grant Process Map
The assessment process identified areas of loss and economic impact to flood-affected businesses. The largest expenses occurred in reconstruction costs as well as replacement of equipment and inventory. There were limitations on reimbursement eligibility through grants in the construction category. Davis-Bacon rules on federally funded projects was the main barrier as most reconstruction was done without those bid, construction contract and reporting elements. Reconstruction costs, especially for commercial building owners, remains one of the least assisted through grants.

By far, the two areas of greatest negative impact to businesses resulting from the flood were revenue losses and added debt burden. Debt is the area that poses the greatest threat to long-term business survival and recovery. A normal, healthy business generates profits and cash flow that allows it to reinvest in itself to remain viable and competitive.

Those investments typically include staff expansion, wage increases, new/replacement equipment, acquisitions and other activities that enhance the business’ ability to generate revenue or increase value. The overhead created by disaster debts does not improve the business, it simply allows the business to continue with current or reduced capability that comes with a higher cost of operation. This debt overhead cuts off reinvestment in the business and threatens long-term viability. Another effect of debt is the loss of cash reserves and ability to withstand another disruption to business whether it be a physical disaster or an economic downturn cycle.

To advocate for specific situations, Case Managers proposed more than 20 “Case Review Requests,” which were approved by the JumpStart office, the City and the State. Case reviews were a process to appeal an application denial or clarify and supplement acceptable documentation sources. Case reviews were prepared for a group of businesses with similar circumstances or individual businesses. Examples follow:

- Expanded documentation sources such as supplemental tax documents or 3rd party insurance documents to prove pre-flood existence of equipment.
- Supporting photos and landlord letters clarifying equipment as removable and not a fixture allowing those items to be eligible for reimbursement.
- Clarification of fundable intent. Some items such as equipment located off site needed additional documentation and explanation to qualify for reimbursement.
- Applicable to many businesses - Acceptance of the tax form 4684 Casualties & Thefts to document pre-flood equipment ownership, if equipment is listed as property lost or damaged and cannot be found in another portion of the tax returns.
- Applicable to upper floor businesses with basement equipment storage or outside generators – This equipment will be eligible if it is referenced in the BRAP lease, lease amendment, or supplemental lease dated pre-flood.

The table in Appendix A summarizes the funding programs that were created for this recovery.
Statistical Data – Business & Services

The initial assessment meetings confirmed the flood status of each business using the classification system noted below:

<table>
<thead>
<tr>
<th>Flood Status</th>
<th>Count</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overland water ground level</td>
<td>754</td>
<td>Had overland water in their operating company. If commercial landlord, had overland water in their building.</td>
</tr>
<tr>
<td>Overland water upper floor</td>
<td>186</td>
<td>Located in an overland water building, but had little or no physical damage. May have temporarily relocated due to building accessibility or power loss.</td>
</tr>
<tr>
<td>Relocated to flood district</td>
<td>42</td>
<td>Existing business relocated to a flood-affected building, post flood.</td>
</tr>
<tr>
<td>New business - after flood</td>
<td>87</td>
<td>Business started and opened in a flood-affected building, post flood.</td>
</tr>
<tr>
<td>Economic injury</td>
<td>33</td>
<td>Had no water-related issues, but had economic impact due to the flood</td>
</tr>
<tr>
<td>No overland water</td>
<td>48</td>
<td>Fringe to flood area. Had issues with sewer back-up, extended power loss, extended inaccessibility to building, steam-loss or other physical barrier to business.</td>
</tr>
<tr>
<td>Non-flood</td>
<td>80</td>
<td>Pre-Initiative misclassifications. Appeared in previous databases as being flood-impacted business. Non-flood businesses, home-based businesses in flood area, Residential landlord/home-owners in/out of flood area.</td>
</tr>
<tr>
<td>Total</td>
<td>1,250</td>
<td></td>
</tr>
</tbody>
</table>

A NAICS code industry breakdown of overland water businesses follows:

<table>
<thead>
<tr>
<th>Ground Level</th>
<th>Upper Floor</th>
<th>Industry title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>Mining, Quarrying, &amp; Oil &amp; Gas Extraction</td>
</tr>
<tr>
<td>4</td>
<td>-</td>
<td>Utilities</td>
</tr>
<tr>
<td>45</td>
<td>3</td>
<td>Construction</td>
</tr>
<tr>
<td>50</td>
<td>3</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>45</td>
<td>7</td>
<td>Wholesale Trade</td>
</tr>
<tr>
<td>84</td>
<td>3</td>
<td>Retail Trade</td>
</tr>
<tr>
<td>7</td>
<td>-</td>
<td>Transportation &amp; Warehousing</td>
</tr>
<tr>
<td>8</td>
<td>15</td>
<td>Information</td>
</tr>
<tr>
<td>22</td>
<td>13</td>
<td>Finance &amp; Insurance</td>
</tr>
<tr>
<td>205</td>
<td>21</td>
<td>Real Estate &amp; Rental &amp; Leasing</td>
</tr>
<tr>
<td>53</td>
<td>89</td>
<td>Professional, Scientific, and Tech Services (e.g., business consulting, law, engrg, other)</td>
</tr>
<tr>
<td>1</td>
<td>-</td>
<td>Management of Companies &amp; Enterprises</td>
</tr>
<tr>
<td>23</td>
<td>12</td>
<td>Administrative &amp; Support and Waste Management and Remediation Services</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>Educational Services</td>
</tr>
<tr>
<td>24</td>
<td>10</td>
<td>Health Care &amp; Social Assistance</td>
</tr>
<tr>
<td>6</td>
<td>-</td>
<td>Arts, Entertainment, and Recreation</td>
</tr>
<tr>
<td>87</td>
<td>-</td>
<td>Accommodation and Food Services (Restaurants)</td>
</tr>
<tr>
<td>88</td>
<td>9</td>
<td>Others – Personal Services – e.g., hair stylists(except Public Administration)</td>
</tr>
<tr>
<td>1</td>
<td>-</td>
<td>Public Administration</td>
</tr>
<tr>
<td>757</td>
<td>186</td>
<td>Total</td>
</tr>
</tbody>
</table>
Businesses that Moved into the Flood Area – Existing and New
Below is a table that shows the industry profile of those businesses that either relocated into the flood area or new businesses who moved into the flood area after the flood.

These businesses were able to participate in the JumpStart2 Rental Assistance program – six months of rent reimbursement. Subsequently, 16 businesses have closed; five in personal services (hair stylists), four in retail, two in wholesale, three restaurants, and one in health care & social assistance and one professional firm.

<table>
<thead>
<tr>
<th>Relocated to Flood Area</th>
<th>New Business – Opened after Flood</th>
<th>Combined</th>
<th>Industry title</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Mining, Quarrying, &amp; Oil &amp; Gas Extraction</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Utilities</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>4</td>
<td>Construction</td>
</tr>
<tr>
<td>-</td>
<td>1</td>
<td>1</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>1</td>
<td>9</td>
<td>10</td>
<td>Wholesale Trade</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>10</td>
<td>Retail Trade</td>
</tr>
<tr>
<td>-</td>
<td>4</td>
<td>4</td>
<td>Transportation &amp; Warehousing</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>2</td>
<td>Information</td>
</tr>
<tr>
<td>3</td>
<td>-</td>
<td>3</td>
<td>Finance &amp; Insurance</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>9</td>
<td>Real Estate &amp; Rental &amp; Leasing</td>
</tr>
<tr>
<td>11</td>
<td>19</td>
<td>30</td>
<td>Professional, Scientific, and Technical Services (e.g., business consulting, law, engineering, other)</td>
</tr>
<tr>
<td>1</td>
<td>-</td>
<td>1</td>
<td>Management of Companies &amp; Enterprises</td>
</tr>
<tr>
<td>-</td>
<td>1</td>
<td>1</td>
<td>Administrative &amp; Support and Waste Management and Remediation Services</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Educational Services</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>5</td>
<td>Health Care &amp; Social Assistance</td>
</tr>
<tr>
<td>2</td>
<td>5</td>
<td>7</td>
<td>Arts, Entertainment, and Recreation</td>
</tr>
<tr>
<td>3</td>
<td>17</td>
<td>20</td>
<td>Accommodation and Food Services (Restaurants)</td>
</tr>
<tr>
<td>6</td>
<td>15</td>
<td>21</td>
<td>Others – Personal Services; e.g., hair stylists (except Public Admin)</td>
</tr>
<tr>
<td>-</td>
<td>1</td>
<td>1</td>
<td>Public Administration</td>
</tr>
<tr>
<td>42</td>
<td>87</td>
<td>129</td>
<td>Total</td>
</tr>
</tbody>
</table>
Roadblocks Hindering Recovery
The list of roadblocks below were rated by the overland water businesses; ground level were most severely affected and, to a lesser extent, the upper floor businesses. Note the varying profile. Each business selected one or more roadblocks (ground level = 368 responded out of 620 still in operation and upper floor – 66 responded out of 150 still in operation).

<table>
<thead>
<tr>
<th>Ground Level</th>
<th>Upper Floor</th>
<th>Roadblock</th>
</tr>
</thead>
<tbody>
<tr>
<td>227</td>
<td>46</td>
<td>Economic downturn</td>
</tr>
<tr>
<td>204</td>
<td>8</td>
<td>Debt load increases</td>
</tr>
<tr>
<td>189</td>
<td>9</td>
<td>Physical damage or loss of data, records, inventory</td>
</tr>
<tr>
<td>177</td>
<td>21</td>
<td>Customer losses or relocation</td>
</tr>
<tr>
<td>173</td>
<td>15</td>
<td>Working capital</td>
</tr>
<tr>
<td>130</td>
<td>7</td>
<td>Government assistance and decision-making</td>
</tr>
<tr>
<td>125</td>
<td>32</td>
<td>Downtown business loss</td>
</tr>
<tr>
<td>120</td>
<td>9</td>
<td>Neighborhoods not returning</td>
</tr>
<tr>
<td>65</td>
<td>3</td>
<td>Codes: building or zoning</td>
</tr>
<tr>
<td>63</td>
<td>2</td>
<td>Communication on flood related issues and buy-out plans</td>
</tr>
<tr>
<td>62</td>
<td>5</td>
<td>Assets in limbo (limiting reinvestment)</td>
</tr>
<tr>
<td>43</td>
<td>9</td>
<td>Utilities: costs and availability</td>
</tr>
<tr>
<td>38</td>
<td>19</td>
<td>Parking</td>
</tr>
<tr>
<td>29</td>
<td>4</td>
<td>Bank covenants or changes to loan criteria</td>
</tr>
<tr>
<td>20</td>
<td>7</td>
<td>Location: new or temporary</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Businesses</th>
<th>Pre-Flood</th>
<th>Post-Flood</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Overall</td>
<td>437</td>
<td>$1,745,000</td>
<td>$1,574,000</td>
<td>($171,000)</td>
<td>(10 %)</td>
</tr>
<tr>
<td>Biz's with Loss</td>
<td>307</td>
<td>1,502,000</td>
<td>1,108,000</td>
<td>($394,000)</td>
<td>(26 %)</td>
</tr>
<tr>
<td>Biz's flat – no change</td>
<td>52</td>
<td>2,485,000</td>
<td>2,485,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Biz's with increase</td>
<td>78</td>
<td>2,209,000</td>
<td>2,796,000</td>
<td>$ 587,000</td>
<td>27 %</td>
</tr>
</tbody>
</table>

Profile of the Average Post Flood Overland Water – Ground Level Businesses

<table>
<thead>
<tr>
<th></th>
<th>Median Revenue</th>
<th>Median Employee Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>All, but Commercial Landlords</td>
<td>$ 350,000</td>
<td>5</td>
</tr>
<tr>
<td>Commercial Landlords only</td>
<td>$ 31,000</td>
<td>2</td>
</tr>
</tbody>
</table>
173 have closed their doors

*(18% closure rate for 940 overland water businesses at ground level & upper floor)*

<table>
<thead>
<tr>
<th>Count</th>
<th>NAICS Code</th>
<th>Industry title</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td></td>
<td>Construction</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>Manufacturing</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td>Wholesale Trade</td>
</tr>
<tr>
<td>25</td>
<td></td>
<td>Retail Trade</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>Transportation &amp; Warehousing</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>Information</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>Finance &amp; Insurance</td>
</tr>
<tr>
<td>22</td>
<td></td>
<td>Real Estate &amp; Rental &amp; Leasing</td>
</tr>
<tr>
<td>22</td>
<td></td>
<td>Professional, Scientific, and Tech Services (e.g., business consulting, law, engrg, other)</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>Administrative &amp; Support and Waste Management and Remediation Services</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>Health Care &amp; Social Assistance</td>
</tr>
<tr>
<td>33</td>
<td></td>
<td>Accommodation and Food Services (Restaurants)</td>
</tr>
<tr>
<td>26</td>
<td></td>
<td>Others – Personal Services – e.g., hair stylists (except Public Administration)</td>
</tr>
<tr>
<td>173</td>
<td></td>
<td>Total</td>
</tr>
</tbody>
</table>

The actual job loss is more than 2,500

<table>
<thead>
<tr>
<th>Pre-Flood Jobs</th>
<th>Businesses</th>
<th>Average</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>374</td>
<td>16.6</td>
<td>6,221</td>
</tr>
<tr>
<td>Part-Time</td>
<td>179</td>
<td>12.6</td>
<td>2,256</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Post-Flood Jobs</th>
<th>Businesses</th>
<th>Average</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>414</td>
<td>14.6</td>
<td>6,058</td>
</tr>
<tr>
<td>Part-Time</td>
<td>179</td>
<td>10.7</td>
<td>1,913</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loss of Jobs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>163</td>
</tr>
<tr>
<td>Part-Time</td>
<td><strong>343</strong></td>
</tr>
</tbody>
</table>

Loss 506 for businesses listed above

Plus 1,730 for 173 closed x 10@

Plus 340 for three large closed businesses:

2,576 --- Norwood Souvenir(240), Swiss Valley(60), Silliker Labs(40)
**Personal Financial Drain - $31 million plus**

- **Stocks, CD's, Cash**: $81,000
- **Credit Cards**: $47,000
- **Family/Family Loans**: $40,000
- **Retirement**: $56,000
- **2nd Mortgage**: $70,000

**PLUS**

- **$12,000,000 in reduced personal wages**

---

**Debt Load**

255 Businesses reporting pre-flood debt:

<table>
<thead>
<tr>
<th></th>
<th>Pre-Flood</th>
<th>Additional</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$694,000</td>
<td>$371,000</td>
<td>53 %</td>
</tr>
</tbody>
</table>

---

**Physical Losses**

These businesses had overland water at ground level and so, had the greatest physical losses

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>602 Businesses</td>
<td>$349,000</td>
<td>$210,000,000</td>
</tr>
</tbody>
</table>

(Excludes large employers, such as Quaker, Cargill, Penford, Alliant, etc.)

96 of these 602 businesses have losses $500,000+ (average = $1,649,000) and includes

49 businesses that have losses $1,000,000+ (average = $2,600,000)
The two tables below summarize the kind of advisory service provided first by number of businesses and then by number of engagements (on-site meetings, phone calls, information & preparation sessions, etc).

### Business Advisory Counseling

- **Sales/Marketing**: 73 engagements
- **Resource Referrals**: 71 engagements
- **Finance/Accounting**: 37 engagements
- **Business Planning**: 33 engagements
- **Communications**: 27 engagements
- **Business Research**: 18 engagements
- **Facilities/Location**: 12 engagements
- **Business Partnering**: 12 engagements
- **Disaster Planning**: 10 engagements
- **Business Efficiency**: 6 engagements
- **Grant Search**: 4 engagements
- **Technology**: 3 engagements
- **Human Resources**: 2 engagements
- **Project Planning**: 1 engagement

**299 Businesses received advisory counseling**

### Business Advisory Counseling Engagements

- **Sales/Marketing**: 214 engagements
- **Finance/Accounting**: 168 engagements
- **Resource Referrals**: 135 engagements
- **Business Planning**: 80 engagements
- **Communications**: 50 engagements
- **Facilities/Location**: 26 engagements
- **Business Research**: 25 engagements
- **Business Partnering**: 15 engagements
- **Disaster Planning**: 20 engagements
- **Business Efficiency**: 17 engagements
- **Grant Search**: 12 engagements
- **Technology**: 12 engagements
- **Human Resources**: 7 engagements
- **Project Planning**: 6 engagements

**787 Advisory Counseling Engagements**

Two case examples of advisory services delivered to a manufacturing company and a coffee shop can be found in the Case Study section of the Appendix B.
**Sales/Marketing**
- Developed customer database, mapped sales & analyzed customer patterns
- Discussed customer list development & direct marketing strategy
- Worked on client marketing tactics, email lists & delivery system
- Discussed brand building to provide focus for client
- Provided assistance with distribution of press release and media contacts
- Facilitated a customer focus group
- Reviewed and discussed proposal for POP tracking - ROI, tracking & criteria for making decision
- Discussed open house promotions, sales literature, and planning
- Provided guidance on web site development
- Worked with client to get a Four Square account set up
- Discussed with client research data & strategic direction
- Analyzed customer files provided for application in creating marketing database for direct response marketing. Made report for meeting concerning field structures, hygiene/data cleansing, potential for POS marketing tool application
- Owners/Leaders participated in a series of workshops (Note Workshop section of report)

**Resource Referrals**
- Identify the best resource(s), explain the business needs and determine if the resource is willing to engage.
- Bring the business and the resources together in a “warm transfer” meeting to begin the mentoring process.

**Finance/Accounting**
- Developed P&L history for 2008 & a template for budgeting and break-even analysis
- Discussed financial planning & debt restructuring
- Reviewed with owner the overtime for 2010 & challenged her to manage the amount to 10 percent of payroll rather than the current 14 percent
- Discussed the need for improved accounting system which led to terminating relationship with accountant & found a new one
- Reviewed SBA loan, revision alternatives, funding monies, & SBA advise to revise loan along with the grant with tax
- Discussed commercial loan restructuring & SBA lien waiver to allow consolidation of loans at better terms. Contacted IDED for guidance on SBA contact and provided to client
- Worked with client on a foreclosure of his home to remove the lien so the home can be sold before foreclosure
- Reviewed last 3 years financials to determine current valuation of business for the owner.
- Working with business on default notice from lease company
- Discussion with client financing opportunities for minority-owned businesses
- Discussed tax advocacy & financial situation of company
- Worked with Congressional office for assistance in removing IRS tax lien
- Follow up with client on bank restructuring of home loan & possibility of refinancing to pay off debt

**Business Planning**
- Discussed & started business planning need in an effort to obtain bank financing, etc.
- Did SWOT analysis to improve the organization’s efficiency
- Advised about franchise and licensing
- Reviewed 3 years of financial statements & tax returns to prepare business valuation for client
- Established business structure, identification of resource assistance, staffing
- Researched new biz model with client regarding partnership with another organization
- Discussed business options going forward-legal/bankruptcy and banking relationships
- Investigated contract default situation & assisted with tracking down written documents and obligations
- Discussed viability of new business startup - provided concept input and opinions on strategies

**Communication**
- Made BSI presentation to 20 bank officials to help them better understand their flooded clients’ needs
- Discussed communication issues & brain-stormed possible solutions
- Interviewed and wrote feature articles on clients for “News to use” & blog coverage
<table>
<thead>
<tr>
<th><strong>Facilities/Location</strong></th>
<th><strong>Disaster Planning</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Researched &amp; discussed building permits, historical status, process for permit application. Discussed building occupancy issues &amp; developed plan for occupancy by year end. Consulted with &amp; introduced business owners to Priority 1 - discussed relocation assistance &amp; state programs that might be possible. Worked with owner on a plan to purchase a property just outside the city &amp; get it annexed for tax abatement on the new property. Discussed expansion options at present location &amp; process for acquiring adjacent buyout property from City. Discussed registering their current property for buyout. Reviewed &amp; provided info on purchasing city owned property for business. Developed plans for reopening &amp; use of available grants, tasks &amp; timelines to reopen by 12/31/10.</td>
<td>Discussed the Safeguard Iowa Biz Continuity template and workshop. Leader will incorporate into current plan. Met with management team continuing BCP plan. Reviewed report formats, critical issues, added mitigation solutions, discussed Google Apps for mobility of information.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Business Partnering</strong></th>
<th><strong>Business Research</strong></th>
<th><strong>Business Efficiency</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Worked with client &amp; prospective tenant on lease/rent reimbursement. Discussed possibilities of sharing leads/work with a couple of other businesses. Met with owner to discuss possibility of working with another flooded business as a supplier of product. Discussion of board member needs and identified candidates.</td>
<td>Developed floor plan and liquor license application. Researched business options going forward-legal/bankruptcy and banking relationships. Investigate contract default situation involving multiple parties. Researched Iowa Code of Professional Ethics relating to advertising/marketing allowed by Iowa attorneys.</td>
<td>Met with client to strategize a purchasing coalition for this industry group of businesses. Visited with client about re-financing, sales, tenants, etc. Met with owners to discuss timelines for getting excess inventory listed on E-bay.</td>
</tr>
</tbody>
</table>
About a third of the Case Managers’ work involved assisting the businesses throughout the JumpStart 2 funding process as well as other funding programs.

Below are examples of those engagements.

**Funding Advocacy (416 engagements)**
- Reviewed application process & assisted with on-line application
- Discussed inventory losses, ERAP, FIRP, LINT
- Participated & provided advice to client in their grant intake meeting
- Reviewed loss documentation to determine if additional funding is viable
- Met with owners to discuss interest in City buy-out process on multiple properties
- Worked with client on changes to the documentation requirements for equipment
- IDED case review. Prepare write up appealing autos as inventory
- Researched & discussed equipment disqualification with administrator. Contacted SBA & obtained loss verification report. Suggested strategy for resubmitting to administrator
- Discussed tax lien issue & plan going forward to qualify for equipment program
- Met with client to assist with insurance duplication & funding problems

**Documentation (1,141 engagements)**
- Met with client to go through equipment, inventory & supply receipts for 2007, 2008 and 2009
- Large Loss Program - Meeting to discuss the large loss worksheet & validate the loss
- Research inventory on taxes, calculate & present to administrator appealing the award reduction. Back up to max award
- Review duplication of benefit (dob) issues concerning insurance & SBA loan. Qualified contract calculations with administrator & advised client on proceeding
- Discussed client award reduction & issues. Obtained receipt appeal information to pursue with client & took photos
- Met with client on receipt rejections. Photographed equipment for appeal. Spoke with equipment vendor & obtained equip specs for case review & submitted to administrator
- Prepared recap of missing equipment receipt findings & submitted to administrator as follow up for client
- Followed-up with further explanation of DOB requirements from administrator
- Worked with client to get a landlord letter & delivered it to administrator
- Finalized EBRAP equipment list & valuation. Submitted bill of sale detail to administrator
- Completed LMI document with client & submitted to administrator to complete rent gap submittal
Two On-line Surveys:
Results for two surveys are found below.

August 2011  Business owners’ thoughts about their 12 month planning forecast regarding changes to profitability, customer base/market changes, employee count, equipment and capital investments (240 participants)

October 2011  Value of the services delivered; mentoring, workshops, and support for funding programs as well as current revenue/employee count information (115 participants)

What services from the Chamber's Business Success Initiative have been most helpful? Please rate on a scale of 1-5 with 5 being the most helpful. If not applicable, check N/A.

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>5 - Extremely helpful</th>
<th>4 - Very helpful</th>
<th>3 - Somewhat helpful</th>
<th>2 - Not very helpful</th>
<th>1 - Not helpful at all</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help with business needs (i.e.: sales, marketing, business planning, finance/accounting)</td>
<td>27%</td>
<td>33%</td>
<td>16%</td>
<td>17%</td>
<td>6%</td>
<td>63</td>
</tr>
<tr>
<td>Group events: seminars, workshops, informational sessions, business owner breakfasts</td>
<td>21%</td>
<td>41%</td>
<td>28%</td>
<td>9%</td>
<td>4%</td>
<td>76</td>
</tr>
<tr>
<td>Application, eligibility and documentation support for JumpStart funding programs</td>
<td>50%</td>
<td>31%</td>
<td>10%</td>
<td>6%</td>
<td>3%</td>
<td>100</td>
</tr>
<tr>
<td>Representing business interests in securing and developing grant assistance programs</td>
<td>59%</td>
<td>24%</td>
<td>9%</td>
<td>2%</td>
<td>5%</td>
<td>86</td>
</tr>
</tbody>
</table>
# Appendix A: Disaster Recovery Funding Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding Source</th>
<th>Administration</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamber Job &amp; Small Business Recovery Fund (Grant)</td>
<td>Chamber, City, Businesses</td>
<td>Chamber</td>
<td>Provided working capital immediately after the flood. Awards started at $15,000 for each business. An additional $5,000 if the business reopened in a flooded building. Plus an additional $5000 if the business also was the building owner and reopened in a flood location. (~ $6M)</td>
</tr>
<tr>
<td>Jump Start 1</td>
<td>State, Federal</td>
<td>HUD, IDED, COGs and Entitlement Cities</td>
<td>These funds were meant to serve as interim funding and offer immediate relief in the months before additional funding arrived. Max Award $50,000. (~$19M)</td>
</tr>
<tr>
<td>National Emergency Grant Funds - Kirkwood</td>
<td>Federal</td>
<td>US DOL, IWD</td>
<td>This program assisted businesses which experienced temporary or permanent displacement of employees due to the disaster with grants of up to $5,000. (~$1.7M)</td>
</tr>
<tr>
<td>Jump Start 2</td>
<td>Federal</td>
<td>HUD, IDED, City</td>
<td>(~$85M)</td>
</tr>
<tr>
<td>Loan Interest Supplement Program</td>
<td></td>
<td></td>
<td>The purpose of the Loan Interest Supplement Program is to provide assistance in the form of interest supplements to businesses who have obtained physical disaster loans or economic injury disaster loans from an eligible lender. Funds will be provided to individual businesses, for a maximum of three (3) years, not to exceed $100,000 per business.</td>
</tr>
<tr>
<td>Flood Insurance Reimbursement Program</td>
<td></td>
<td></td>
<td>The purpose of the disaster recovery flood insurance reimbursement (FIRP) program is to provide financial assistance to reimburse businesses for the cost of flood/sewer backup and related business interruption insurance coverage. Businesses are eligible if they meet one of the following criteria: (1) had water in their building as a result of the 2008 disaster(s), involving overland flow or sewer backup; and/or (2) are located in the 100 or 500-year floodplain. Under option (2), businesses that located to either floodplain subsequent to the disaster may also be eligible for assistance. Reimbursement would be for a one time, one year of coverage, up to $30,000 per qualified business.</td>
</tr>
</tbody>
</table>
The purpose of the disaster recovery equipment reimbursement assistance program (ERAP) is to provide financial assistance to businesses that (1) owned their own building, or (2) leased rental space, during the 2008 natural disaster(s). The building or rental space must have sustained physical damage. Awards are limited to 100% of business expenses associated with the purchase of machinery and equipment, office equipment, furniture, supplies and inventory, not to exceed a total amount of $400,000 per business.

The purpose of the disaster recovery business rental assistance program (BRAP) is to provide financial assistance to a business located in or planning to locate in a business rental space that was physically damaged by the 2008 natural disaster(s). Assistance will be in the form of rental assistance to help offset building rental lease payments for a maximum of six months. This expanded program (EBRAP) also provides assistance in the form of reimbursement for up to 100% of business expenses associated with the purchase of machinery and equipment, office equipment, furniture, supplies and inventory. Awards are not to exceed a total award of $50,000 per business for rental assistance and $400,000 per business for associated business expenses described above. In-home businesses are not eligible for the funds.

The program element is designed to assist with cash flow for commercial building owners to offset the loss of revenue from rental space that was physically damaged by the disaster. Up to 12 months lost rental revenue is available to businesses who own commercial rental property, up to $25,000 per unit.

Provide forgivable loans for multiple activities that fall into specific areas for which there is no other source of funding available. (~$5M)

Provide reimbursement of some of the costs associated with conversion from city steam heat for buildings as well as to off-set higher utility bills. (~$2M)
<table>
<thead>
<tr>
<th>Program</th>
<th>Level</th>
<th>Agency</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Loss</td>
<td>State</td>
<td>City</td>
<td>Award made to the largest employers with the largest losses to assist in their recovery. (~$1.5M)</td>
</tr>
<tr>
<td>SBA Loans</td>
<td>Federal</td>
<td>Small Business Administration</td>
<td>Provide below market rates on disaster related loans to qualifying businesses.</td>
</tr>
<tr>
<td>Voluntary Property Acquisition (Buyout) Program</td>
<td>Federal</td>
<td>City</td>
<td>The City of Cedar Rapids created a Voluntary Property Acquisition process to reduce the loss of life and property in future disasters. Each individual land transaction includes clearing title objections and legal documentation. All acquisitions in this process are based on the pre-flood assessed value of the property. This is a voluntary program and no one is required to participate. Property owners may choose to withdraw from the process at any time before the closing. The Voluntary Property Acquisition process was open to anyone who owns residential or commercial property in the three flood-impacted areas of the city: the Greenway Area, the Construction/Study Area and properties beyond reasonable repair in the Neighborhood Revitalization Area.</td>
</tr>
<tr>
<td>Relocation Assistance Program</td>
<td>State</td>
<td>IDED</td>
<td>This program provides relocation assistance to Cedar Rapids businesses located in the NW 1st Corridor who are now on the “wet side” of the proposed levee. These businesses repaired their businesses prior to their knowledge of the levee location and will be reimbursed for the gap between the insurance proceeds/pre-flood property value and the actual cost to repair their business post disaster. In-home businesses are not eligible for the funds.</td>
</tr>
</tbody>
</table>

A full copy of the funding programs that are underlined can be found on the Chamber website [http://www.cedarrapids.org](http://www.cedarrapids.org)
Appendix B: Case Study Examples

**Manufacturing Company**

Prior to the flood this manufacturing company was experiencing significant growth and success through the owner’s hard work and a recent acquisition of another business.

The manufacturing company suffered significant losses in equipment. With over four feet of water in their entire facility, nearly everything was a total loss. The business had very little insurance to cover the losses so rebuilding meant adding hundreds of thousands of dollars of debt.

The business needed cash to run its operations and the owners needed someone to keep them on task and lead them to prosperity.

SCORE Mentor, a fellow small business owner and flood survivor.

The Mentor worked the first 9 months together with the owners in survival mode; finding money to make payroll, going through the profit and loss statements for opportunities to save money, etc. The most recent 9 months has been positioning them for growth and a long term future. We’ve restructured debt, managed overtime, negotiated favorable payment terms with vendors, met with banks, insurance companies and payroll companies.

These efforts have increased the company’s profitability from less than $8,000 last year to a projected profit of $140,000+ this year. All this while, the owners are now better compensated, and no longer worry about being able to pay bills on time.

**Coffee Shop**

The coffee shop for this case study was located downtown and had been in business for several years prior to the flood. Business was good and served the employee population of the area. Space for the business was rented with interior build outs that were current with several years of remaining viability. The flood destroyed the interior and required a complete rebuild. Costs for the interior reconstruction created additional occupancy overhead and was coupled with the need to reestablish clientele in a partially occupied downtown market. Long term debt reduction and rebuilding revenues to levels higher than the flood were the primary needs for the business.

Mentoring was requested and provided through SBDC Marketing Strategist and Social Media Marketing Specialist.

This business had been negatively impacted by the flood including 6 feet of water and total reconstruction of the shops interior, closure for over 4 months, loss of downtown clientele after returning, new overhead in the form of disaster debt and the effects of a recession on a discretionary spend business.

The needs assessment process identified a clear need to reassess the market and create a new marketing strategy to generate revenues at least 20% greater than pre-flood levels in order to overcome added disaster loan overhead.

A series of meetings with the client, case manager and SBDC counselor identified and outlined a comprehensive plan that included:

- Branding position and rebranding how customers are served
- Promotional tactics to connect with downtown workforce
- Recommendations on expanded lunch, catering and food selections.
- Social networking strategy using Foursquare and Facebook.
- Store design, point of purchase and employee participation in raising customer value perception
- Plan customer retention and new customer introduction events.

The results for this business were phenomenal. The owner was highly motivated and did an outstanding job of acting on the plan. The marketing strategy took a total of 3 months to plan and fully implement, achieving the goal of 20% revenue increase.
1 inch = 2,000 feet