

# Newsline

A Quarterly Newsletter from the San Diego District Office

## Volume 2 Issue 1

Did you know small firms ...

- Two thirds of new employer establishments survive at least two years after start-up and 44 percent survive at least four years.
- Very small firms with fewer than 20 employees spend 45 percent more per employee than the largest firms to comply with federal regulations.
- Minorities own 4.1 million firms that generate \$694.1 billion in revenues and employ 4.8 million workers.
- Women own 6.5 million businesses that generate \$950.6 billion in revenues and employ 7.2 million workers.
- In 2004, an estimated 580,900 employer firms opened while an estimated 576,200 closed.

Source: SBA Office of Advocacy—  
2005 Small Business FAQ

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## Ruben Garcia Named District Director for San Diego District

Ruben R. Garcia, a co-founder and former president of the National Association of Hispanic Real Estate Professionals (NAHREP) has been named the new district director of the U.S. Small Business Administration's (SBA) district office in San Diego. Garcia assumed his duties on January 3, 2006, as the top SBA official overseeing SBA financial and educational development programs for San Diego and Imperial Counties. Garcia replaces former SBA district director George Chandler who retired last September after heading the local office the past 25 years.

"Ruben Garcia has a rich background in business and education and will easily make a smooth transition into SBA and San Diego's

small business community," noted SBA Administrator Hector Barreto. "He'll work tirelessly and with dedica-



Ruben R. Garcia, Ph.D.

tion on behalf of new and established entrepreneurs to help them achieve suc-

cess. That's just the kind of person he is."

The son of a Texas field laborer, Garcia moved with his family to Southern California when he was five and graduated years later as student body president of Belmont High School in South Central Los Angeles. After a year in college, he enlisted in the U.S. Army, graduated from the West Point Preparatory School, and served in infantry and special weapons assignments. Over the past 30 years, Garcia has held management positions with a number of firms, including ARCO, Texaco, Clark Equipment, Yale, and Caterpillar

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## SBA Success Story— The Dinner Studio

The Dinner Studio was born out of the realization that almost nobody has time to cook on a regular basis anymore. More and more people are turning to convenience meals loaded with fat, salt, sugar, and preservatives or "fast food".

Dinner Studio co-owners, Katherine Christensen and Gloria Otten, shared similar views on the need for an affordable and convenient way for families in San Diego to eat well everyday. Ms.

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Katherine Christensen and Gloria Otten, Owners  
The Dinner Studio

## SBA Launches GO Loan Program

### SBA Launches GO Loan Program to Help Gulf Coast Small Businesses

On Nov. 8 the U.S. Small Business Administration announced the roll-out of the Gulf Opportunity Pilot Loan (GO Loan) program. GO Loans will strengthen and expand the role of local commercial banks in accelerating the recovery and rebuilding of Gulf Coast small businesses impacted by Hurricanes Katrina and Rita. This new financing product will allow banks to employ streamlined, expedited processing under the direction of the SBA.

GO-Loans, modeled after the SBAExpress loan program, will allow commercial lenders to use their own forms and underwriting to get working capital into the hands of small businesses in the Gulf region quickly.

These loans will be available up to \$150,000 dollars; they will have an 85 percent guarantee; and applicants will receive a decision from the SBA in 24 hours or less. GO Loans will be made available through September 30, 2006.

The SBA prescribes maximum interest rates participating banks may charge, but the actual rate is negotiated between the lender and the borrower. Repayment terms are generally between five and 25 years.

The GO Loan program was launched in response to an eagerness expressed by the private sector and the banking community to play an important role in the rebuilding of small businesses. Visit [www.sba.gov/financing/goloans](http://www.sba.gov/financing/goloans) for additional details.

## Garcia

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Corporations. In 1999, Garcia incorporated NAHREP and served as its founding president/CEO and executive director. Under his guidance and leadership, the organization grew from three to more than 13,000 members in only three years. NAHREP is a non-profit trade association committed to increasing Hispanic home ownership by empowering real estate professionals that serve Hispanic consumers.

Garcia inherits an SBA district office that was ranked No. 1 among 70 offices nationwide in attaining a number of fixed goals during fiscal year 2005. SBA guaranteed close to 1,400 small business loans

with a value of more than \$400 million the past year in San Diego and Imperial Counties and provided over 27,000 clients with counseling and training through such resource partners as SCORE: *Counselors to America's Small Business*, Small Business Development Centers and the Women's Business Center of California.

In addition to studies at West Point, Garcia has a marketing degree from Pacific Western University; an MBA certificate from Tulane University; and an MBA and Ph.D. from Madison University. He also studied at the UCLA Extension School of Business Management. Garcia and his wife Alma reside in Chula Vista.

## FBI, NIST, and SBA Offer Computer Security Seminar

The U. S. Small Business Administration (SBA), the National Institute of Standards and Technology (NIST), and the Federal Bureau of Investigation (FBI), along with the National Cyber Security Alliance and the Multi-State Sharing Council, will present a workshop on computer security for small organizations on **Tuesday, March 7, 2006**, in San Diego. This informative, free seminar will provide and overview of those information security risks facing all small organizations and how those risks can be identified and managed.

Topics for the seminar will cover such issues as data vulnerability, information security breaches, precautions to protect your operations, and utilizing information security vendors and consultants, as well as information on evaluation tools and techniques for information security.

This free educational program is intended for managers and staff of small organizations - specifically those with limited in-house resources to understand and implement IT Security. City, county, and state government entities, as well as

small business owners and managers are encouraged to attend. Seminars have been scheduled at two different times during the day for your convenience. The first time is scheduled for 8:00 AM to 12:00 PM and the second seminar will run the same day at 1:00 PM to 5:00 PM. A location will be announced in the near future.

There is no fee for this event. Space is limited however and pre-registration is required. Those interested in attending should register with SBA by contacting Rosa Rodarte by telephone at (619) 557-7250 Ext. 1126

or by email at [rosa.rodarte@sba.gov](mailto:rosa.rodarte@sba.gov). Please specify which seminar you plan on attending and the number of individuals that will attend.

Additional details on this event can be found on our web site, [www.sba.gov/ca/sandiego](http://www.sba.gov/ca/sandiego) under the Training Calendar section.

## The Dinner Studio

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Christensen left a busy law practice to become a Professional Personal Chef and Ms. Otten, having spent most of her professional life in the field of restaurants and catering, began her career as a Professional Personal Chef when she moved to Southern California. As Professional Personal Chefs, they were constantly meeting people who could use a little (or a lot) of help in the kitchen. So they put their heads together and created The Dinner Studio, which marries the best aspects of a personal chef

service and fast meal preparation at an affordable price. And it's fun!

Katherine and Gloria strive to provide an environment where busy people can still prepare "home cooked" meals for their families in a homemade atmosphere, with fun, friends, and a lot of help. The Dinner Studio's goal is to create a space in which someone can create the bulk of their household's monthly meals in a few hours, with as little stress and as much help as possible.

The Dinner Studio

opened its first location in 2003 in Vista and then added a second location in Tierrasanta this June. The expansion was funded in part by SBA guaranteed loans through US Bank. The two locations enjoy a regular clientele of 800 families today, and with the planned addition of several new locations, have a goal of expanding that number to 1,600 by the end of 2006.

Katherine and Gloria are clients of the Small Business Development Center – North San Diego County. In the beginning, they received

help developing their marketing plan, consultation regarding the process of incorporating, and more. To find out more about the SBDC visit their website at [www.sandiegosmallbiz.com](http://www.sandiegosmallbiz.com). The SBDC is partially funded by the U.S. Small Business Administration. .

The Dinner Studio locations are: 1850 Hacienda Drive, Suite 12, Vista, CA, 92081, (760) 726-7834 and 5950 Santo Road, Suite O, San Diego, CA, 92124, (858) 277-1977. Website: [www.dinnerstudio.com](http://www.dinnerstudio.com)

## SBA's Surety Bond Guarantee Program

The SBA can guarantee bonds for contracts up to \$2 million, covering bid, performance, and payment bonds for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. SBA's guarantee gives sureties an incentive to provide bonding for eligible contractors, and thereby strengthens a contractor's ability to obtain bonding and greater access to contracting opportunities. A surety guarantee, an agreement between a surety and the SBA, provides that SBA will assume a predetermined percentage of loss in the event the contractor should breach the terms of the contract.

A surety bond is a three-party instrument between a surety, the contractor, and the project owner. The agreement binds the contractor to comply with the terms and conditions of a contract. If the contractor is unable to successfully per-

form the contract, the surety assumes the contractor's responsibilities and ensures that the project is completed.

To be eligible a contractor applying for an SBA bond guarantee must qualify as a small business, in addition to meeting the surety's bonding qualifications. Businesses in the construction and service industries can meet SBA's size eligibility standards if their average annual receipts, including those of their affiliates, for the last three fiscal years do not exceed \$6 million.

The SBA can guarantee bonds for contracts up to \$2 million. The SBA reimburses a participating surety (within specified limits) for the losses incurred as a result of a contractor's default on a guaranteed bid bond, payment bond, performance bond, or any bond that is ancillary with such a bond. Activity is accomplished through the Prior Approval

program or the Preferred Surety Bond (PSB) program.

Under the Prior Approval program, the agent reviews the application package and recommends it to the surety company for approval. If the surety company agrees to issue a bond with the SBA guarantee, the package is forwarded to the appropriate SBA/Surety Bond Guaranty (SBG) Area Office and evaluated by SBG personnel. If the applicant is determined to be qualified and approval is reasonable in light of the risk, SBA may issue a guarantee to the surety company. The surety then issues the bond to the contractor. SBA's guarantee agreement is with the surety company not with the small business contractor.

To compensate surety companies for the risk associated with bonding Prior Approval contractors, SBA guarantees 90 percent of the losses incurred on bonds up to \$100,000 and on

bonds to socially and economically disadvantaged contractors, and 80 percent of the losses incurred on all other bonds under this program.

The PSB program provides a 70 percent guarantee to participating sureties, but in exchange, prior SBA approval for each bond is not required. Under this program, the SBA gives selected sureties the authority to issue, monitor and service bonds without our prior approval. Each participating company has a guarantee limit with the SBA. PSB sureties expect the contractors to graduate from the program in approximately three years.

Additional information on SBA's Surety Bond Program is available on our website at <http://www.sba.gov/osg>.

U.S. Small Business Administration



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The U. S. Small Business Administration was created in 1953 to maintain and strengthen the nation's economy by aiding, counseling, assisting, and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

SBA's San Diego District Office is your small business resource for access to capital, counseling services, training, and government contracting opportunities, to help start or grow a small business in San Diego and Imperial counties. Our programs and services are delivered through participating lenders and our resource partners, SCORE: Counselors to America's Small Businesses, the Small Business Development Center, and the Women's Business Center.

Newsline is produced by the U. S. Small Business Administration's San Diego District Office. Subscribe to Newsline by registering online at [web.sba.gov/list](http://web.sba.gov/list). Look for San Diego News.

## San Diego District Office Fiscal Year 2006—1st Quarter Activity

October 1, 2005 through December 31, 2005

	Number of Loans	Dollar Amount
7(a) Loans	263	\$58,179,000
504 Loans	56	\$46,492,000
<b>Total</b>	<b>319</b>	<b>\$104,671,000</b>

CDC Small Business Finance Corporation	48	\$42,646,000
Bank of America, NA	43	\$1,713,200
Wells Fargo Bank, NA	32	\$3,388,000
Union Bank of California, NA	26	\$641,000
U. S. Bank, NA	22	\$1,995,700
Business Loan Center, LLC	22	\$1,157,000
California Bank & Trust	11	\$668,700
Capital One, FSB	9	\$300,000
Innovative Bank	8	\$65,000
La Jolla Bank, FSB	6	\$3,089,000

The San Diego District Office provided approximately 3,306 clients with counseling assistance and training through the assistance of our Resource Partners, SCORE: *Counselors to America's Small Business*, the Small Business Development Center, and the Women's Business Center of California. Additionally, we made 80 8(a) contracts, including modifications, worth \$20,675,884.