

## **Enterprise Zone Meeting 4/23/08 3:30-5:30PM**

**Purpose:** Need for economy to be vital-small business is key, job of city is to protect the lives, health and welfare of citizens. The city needs for small businesses to make a lot of money, large multiplier effect, profits spent and invested locally

Small businesses can ease traffic situation by providing as many decent jobs as possible locally.

### **Bio. Of presenters:**

**Marvin Gromer**, California Southern Small Business Development Corporation (a public benefit corporation that will find loans and guarantee those loans etc. for a fee of up to 3% of the loan and application fee of \$250) 600 B Street, Suite B, SD 92101 232-7771, FAX 232-6743

[mgroner@casouth.com](mailto:mgroner@casouth.com); BA Economics, 35 years experience running a revolving loan program for small businesses-El Centro, Brawley, Calexico

**Linda Guzzo**, Internship Coordinator, SDSU College of Business

Administration: SDSU 594-0435, FAX 594-3653 [lguzzo@mail.sdsu.edu](mailto:lguzzo@mail.sdsu.edu)

<http://aba.sdsu.edu> for \$4,000 it is possible to get a team of interns working under several professors who will do a business plan, marketing plan, etc.

for a small business called Aztec Business Alliance; community liason for SDSU Center for Community Economic Development, 10 years in this job, BA Political Science, MA Public Administration

**Ples Felix Jr.**, city of San Diego, SDSU SDSU Political Science, MA New Scholl of Social Research redevelopment experience in Harlem New York. He administers the Enterprise Zone program for Chula Vista as well as San Diego focus is empowering local businesses (619)236-6301, FAX 533-3219, [pfelix@sandiego.gov](mailto:pfelix@sandiego.gov)

### **Presentations:**

**Marvin:** works in SD, Orange, Riverside, and Imperial Counties works with banks in a way similar to the SBA, helps get loans by guaranteeing them, uses the 38 million dollars CA state provides to support small businesses for the guarantees. They look for the 5 C's: Character, Capacity, Cash, Conditions, Colateral (years in business)

Basically they cosign loans for small businesses, work with most lenders, Their first question is Who's Your bank?

### **Linda Aztec Business Alliance Two primary programs:**

1. MBA student consulting projects- teams of 3-4 students 500-6600 hours-writing business plan, financial analysis, etc. meet with client provide oral report and final written report. The city of Chula Vista is now a client, work

with non-profits and small businesses provide: skills, leverage, wide range of research, 2 faculty advisors

They are helping to shape the future of the region, clients include: General Atomics (4 or 5 projects), Qualcomm, Fenton, Zoo, Sharp, Sea World, SD County office of Education, Lotus Bony Care, etc. \$4,000 for 3 months

2. Internships-3 unit course for college credit, can do marketing, promotion plan, etc.

**Ples Felix:** Tax incentives are becoming more and more rare. They were established by State Community Development Department 15 years ago. Tax incentives are money on the table for businesses struggling with profit margin, lots of need to provide support to small businesses-**NASCO has paid 0 income taxes for 25 years** because the money was invested in more jobs and equipment. Applying costs a \$50 fee can get voucher tax credit equal to 50% of salary of an employee year one, 40% year two, 30% year three, 20% year four, 10% year five It is possible to carry forward tax credits and accumulate them years when do not have adequate tax liability to use all of credits. Employees must meet one of 13 criteria. Some of criteria are: disabled, developing a skill set to get back in market after being out of it (homemakers, veterans, recent graduates, low income, etc.) Only get credit for 150% of the minimum wage. Employee can make more than this, but you still get credit for that part of salary.

There are two employer service coordinators to help maximize value of tax incentives.

You can get a tax credit for purchase of equipment including computers, and get accelerated depreciation up to 25% per year.

Lenders can get a tax break, which means they can lend at a lower rate to someone in an enterprise zone. Also they are more inclined to loan money to help businesses grow, create jobs,

**Marvin:** Smaller loans-\$200,000 There are organizations making micro-loans \$800, \$35,000 CDC loans (maximum term 7 years), Equity Financing, Debt Financing,

Loan Capacity:

What Do You Want?

What are You Going to Do With the Money?

How Are You Going to Pay it Back?

Like a credit card-paying interest every month, bank doesn't want to seize your collateral

Guaranteed loans up to \$500,000, up to 90% guarantee 5 1/4%, typically Prime plus 2 1/2% (Term Loans and Lines of Credit)

Other Guarantee Programs include:

Direct Loans for Hazardous Waste.

Direct Loans for disaster assistance to displaced Businesses

**Ernest & Young Accounting- Gustavo Perez:** a lot of employees have been displaced now and can qualify as displaced workers, seasonal workers count, 90 plus days employment required credit is for 5 years-need to work with you for enough time to justify the credit

There is a target employment area, which has not been defined by the state yet-anyone living in target area meets criteria for the credit. Census areas determine Enterprise Zones and Employment Areas

**Linda**-Interns can do websites, feasibility studies, marketing plans, business plans, paperwork for loans, summary of finances, etc.

**Small Business Development Organization** is state run and services are paid for by the state.

Entrepreneurial Resource Center-non-profit, Cornell M. Thompson 491-4168 [cornellthompson@hotmail.com](mailto:cornellthompson@hotmail.com) since 1994 helping small businesses fight government beauracacy

\*\*Michelle Dawson, South county Business Services, Student Employment specialist SWC 482-6423 [mdawson@swccd.edu](mailto:mdawson@swccd.edu) interns are available for 12-15 hours per week, they are looking for sites there will be a short session starting on 6/9Diane Rose, Business Services Coordinator, south County Career Center 1111 Bay Blvd., suite E CV 91911 628-0322 FAX 429-0342, [dianer@workforce.org](mailto:dianer@workforce.org) [www.SanDiegoAtWork.com](http://www.SanDiegoAtWork.com)

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