Small business blooms with financing

**Ag startup:** Hydra-Point Plant Growers leverages experience, employs 25 people

By Jordi Gurnz  
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**WATSONVILLE** - Tony Barcelo is feeling good about the flower business again, growing his own wholesale venture with help from the Small Business Development Center at Cabrillo College as the economy improves.

He has 25 full-time employees at Hydra-Point Plant Growers at 195 Paulsen Road, after starting with 18 when he opened in August 2013. Hydra-Point specializes in hydrangeas and polynettas, palm trees, ground cover and assorted shrubs.

Drought-tolerant succulents are a new addition to appeal to water-conscious gardeners. A grower with 28 years' experience, Barcelo learned from his father, working in the family owned Barcelo Enterprises in Salinas.

**HYDRA-POINT PLANT GROWERS**

Where: 195 Paulsen Road, Watsonville  
Owner: Tony Barcelo  
Employees: 25  
Information: 831-970-3034

**“Word is just trickling out.”**  
— Opportunity Fund spokeswoman Caitlin McShane

**Microloans:** Opportunity Fund gets $350,000 from Community Foundation Santa Cruz County

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**SANTA CRUZ** - Most banks won't bother with requests for small business loans of $50,000 or less because they are not very profitable, but small business owners in Santa Cruz County are in luck.

The nonprofit Opportunity Fund California, leading micro lender with offices in San Francisco, Los Angeles and San Jose, has received a $350,000 “charitable investment loan” from Community Foundation Santa Cruz County to provide capital for microloans to nonprofit and for-profit entrepreneurs in Santa Cruz County. This loan at 3 percent interest is due to be repaid by 2020.

“Word is just trickling out,” said Opportunity Fund spokeswoman Caitlin McShane. “We would love a flood of inquiries.”

**Business**

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The housing crash of 2008 hit hard. Homeowners lost their homes and stopped buying plants at Target, Home Depot and Lowes.

Irving-based Borderer’s, one of the nation’s 25 largest nurseries, filed for bankruptcy protection as did Hines, a competing firm based in Irvine.

Hines acquired Bordier’s and then was acquired by Black Diamond Capital Management, a hedge fund in Connecticut that downsized the operation.

El Modeno Gardens, a nursery with a 91-acre operation at 195 Paulsen Road, went under.

In the dark days of 2010, Barcelo told GreenhouseGower.com, “I think the industry is lost now.”

Today, his outlook is much brighter, having built a successful relationship with Costco, the second largest retailer in the U.S., for what he grows.

He credits Danny Braga, an adviser with the Small Business Development Center, for helping him put together a package that got him a six-figure term note and line of credit from Cal Coastal Rural Development Corp. in Salinas.

Barcelo now grows for Color Spot, which in 2012 bought the three remaining Hines’ facilities, two in California, one in Oregon.

**Microloans**

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In Santa Cruz County, the loan consultant is Griselda Gil-Solis; the answer on a loan request comes in a week.

Angel investor Bud Coligan introduced Community Foundation leaders to Opportunity Fund.

Last year, a $5,000 grant from Community Foundation Santa Cruz County helped Opportunity Fund make over $744,000 in small business loans ranging from $2,600 to $100,000 to over 40 entrepreneurs in Santa Cruz and Monterey counties.

The new investment resulted as Opportunity Fund was looking for capital and the foundation was looking for new ways to make an impact.

“We’ve set aside a portion of our endowment to undertake local investments that are meant to achieve social good and provide positive financial returns,” said Lance Linares, chief executive officer of Community Foundation Santa Cruz County.

“Our board is looking for innovative ways to make positive and lasting local change,” added board president Michael O’Farrell. “One way we found is through investments like the loan to Opportunity Fund to promote the economic vitality of our county.”

In 20 years, Opportunity Fund has helped more than 6,800 Californians with more than $80 million in loans to start or grow small businesses. Its loans, less than $12,000, create and sustain, on average, three new jobs. Repayment rate is 92 percent and business survival rate is 95 percent.

About 87 percent of the microloans go to minority-owned businesses, 47 percent to businesses owned by women.

In 2010, the U.S. Small Business Administration microloan limit was raised from $35,000 to $50,000. The average microloan in 2014 was $14,210 with an interest rate of 7.54 percent.

Microloan programs are vital as they provide the capital for start ups and other smaller capital needs, said Teresa Thomas, who heads the Small Business Development Center at Cabrillo College, which helped 390 businesses get $5 million in loans last year.

Often entrepreneurs use credit cards, “but this is not always the best option as interest rates are very high,” Thomas said, noting a microloan program aims to help the borrower “graduate” to larger loan programs as the business grows.

To reach Opportunity Fund, call 831-234-4659 or visit www.opportunityfund.org/loans.