



ACE FENCE COMPANY

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Statement of America Tang -- CEO of Ace Fence Co.

"Land of Opportunity: Pursuing the Entrepreneurial American Dream"

Monday Oct. 17, 2011

My name is America Tang, I am the CEO of a construction company specialized in Fencing. I have been the owner for the past 23 years. Our company does 90% of Public Works Construction and throughout the years we have had the honor and the privilege of participating in the construction of landmarks such as the 34 miles median fencing in the 105 Century Freeway in Los Angeles back in 1993, construction of the Metro Blue Line fencing in 2001 and many other prominent Public projects in the Southern CA. Area.

I am of Chinese Descent, but born in Lima, Peru, therefore I can speak three languages: English, Spanish and Chinese Cantonese. My family immigrated to Los Angeles in 1974, a move that turn out to be a blessing for myself and my entire family because the Multi-cultural environment of this great City allowed us the full usage of all of our diverse cultural background and enabled us to pursue the "American Dream."

When I purchased Ace Fence Co. from the retiring owner in 1988, one of the first moves I made was to start participating in the bidding of Public Projects. I found out that the California Department of Transportation (Cal Trans) offered a Certification Program for Minorities and Women Owned Companies. I applied in 1989 and it did take a good 9 months before obtaining approval, but this Certification opened the doors finally to an area that was completely closed and forbidden to us before.

In 1990 we were the low bidders for the Yard Fencing for the Metro Red Line in downtown L.A. It would have been impossible for us to obtain the bond necessary to backup this project if not for the Transit Bond Guarantee Program offered to companies that are Certified as a SBE, WBE, MBE or DBE. This was a new program established by the Metropolitan Transit Authority. Ace Fence used this Bonding program to help us bond 4 of our largest projects during the years of 1990 to 1993, bonds from \$50,000 to \$2,500,000. This last \$2,500,000 is the construction of the fencing at the 105 Century Fwy. I mentioned above.

The Century Fwy. Project was a challenge as it represented a very large contract amount and therefore Ace Fence not only needed to find a Surety Bond to issue the Payment and Performance Bonds, but we also needed financing to help us cash flow the project. Ace Fence obtained a \$500,000 loan from the Department of Transportation Office of Small and Disadvantaged Business Utilization. This project was a successful one that propelled our company to its next level and since then we have participated in

numerable high profile projects from Cal Trans, MTA, L.A. Unified Schools, Dept. of Airports, City of L.A. and many other Cities in the Los Angeles and surrounding areas.

There is no question that the SBA and its program designed to help Small Businesses, Women and Minorities works. Ace Fence is an example of it. But the economic turnaround in the past few years has had its impact also on us. In 2009 we had 85 employees and worked an average of 2000 man hours per week. This past week of October 14, 2011 we were down to an average of 60 employees and clocking in only 1200 man hours for the week.

The American Recovery & Reinvestment Act of 2009 is supposed to pour in many new projects into the construction industry to invigorate the infrastructure of our country and provide new jobs to help our depleted economy, but somehow the process is **very slow** and in practice the intended effect still has not trickled down to the small companies yet. We were expecting an increase in our sales, but instead, even while keeping my overhead staff the same, with the same amount of salespeople, we are deriving a reduction of 15%-20% in our gross sales. For the first time in 20 years in this industry, we declared a Net Loss in our Financial Statement as of Year end 2010 and our figures to date are still in the negative.

In my personal experience I believe that SBA has created some real good programs to effectively help the Small business community, who after all, is the backbone of our country's economy, but there is a failure to communicate to the general public the existence of many of these programs. I personally found out about the programs only when I was already in the business and after already bidding in many projects I started finding out the existence of a Certification program, and a Bonding Program and a Loan program. The ARRA of 2009 raised the Surety Bond Guarantee Program of the SBA from 2 Million to 5 Million (up to \$10 million in some projects), but I did not know about this until the middle of 2011 or I would have started bidding more aggressively back in 2009 to insure enough projects for our firm for 2010 and 2011.

In our current economic situation timing is of the essence, we do not have the luxury to sit back and let things move and take their time as if it were regular business. These are not times for regular business, the government must act quickly and by quickly it means to start dropping the bureaucracy, the excess paperwork and streamline the process for your program to actually reach the major population and not just the few who really took the time to do a lot of research and finding bits and pieces of information which most people won't know how to do or won't have the time to do it.

Companies are registered. Why not do mass emails around the country to tell us what programs are available through the SBA. I know you will say that we can access the internet and find out, but I think if the SBA wants to have a real impact and create new jobs quickly, what better way than making sure that every dollar allocated to the program is used immediately. I do not have the latest records, but in 2009 the SBA total Lending was down by 41%, by July of 2009 there were only 3900 loans vs. 6700 loans the year before for the same period of time. These statistics speak for itself. The program which is a life saver for thousands of businesses is failing to successfully reach its intended public probably due to excessive requirements and again bureaucracy.

One of the weak points for any Small business and right now I am sure even the large Business is always Cash Flow. In my industry specifically, as a Subcontractor we have always been the underdog, the one to fork out the funds immediately and get paid the last. The biggest problem is that the system is flawed in the sense that even though we are supposed to get paid, by law, within 10 days of the General contractor getting paid, this seldom happens. Especially in hard times like now, the General Contractors will use the paid funds for themselves and then pay us, the Subcontractors, anywhere from 60 to 180 days later using all kinds of excuses. Among all the Institutions, Cal Trans is one of the few that has an open Website to the Public where the Subcontractor can log in and find out what items has been already paid to the General. For all the other entities, no information is available from the Owners to the Subcontractor since their contract is only with the General. The SBA should protect its members, most of us very much vulnerable in many aspects and most of all the cash flow, by mandating the companies that do business with a SBA firm to allow them full access to vital and pertinent information, such as payment records from the Owners to them, to any company who has delivered material or done work for the project.

The SBA is a definitely a powerful engine for opportunities and it has already come a long way from the 1980s when the system was in its infancy. The programs offered by the SBA has personally help my company grow and without these programs I am sure Ace Fence would still be doing only commercial and residential fencing.

The spirit of entrepreneurship is very much alive and more so now when scores of unemployed individuals will be seeking to start their own business as the only alternative to finding a job again. I commend the efforts of this Committee for understanding the urgency and demands of our current predicament and I am very optimistic that together we will find the solution to keep this beautiful country as the "Land of Opportunity."