

MAYBE FIGURES DO LIE ...



SHMUEL THALER/SENTINEL

Farmworkers work a field along Holohan Road in Watsonville last week. State officials say the jobless rate in the city was 25.7 percent in January.

State says 1 in 4 Watsonville adults jobless, but city leaders skeptical

Unemployment

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CARL BLANKE,
South County
commercial real
estate expert

By JENNIFER PITTMAN
jrpittman@comcast.net

WATSONVILLE — When the latest unemployment figures released last week showed one in four people in Watsonville were out of work in January, the increasing impacts of a global recession struck home.

Unemployment numbers haven't been that high in Watsonville since the '90s when a post-Loma Prieta earthquake recession combined with an exodus of food processors to drive up job losses. What is behind the

dramatic 4.2 percent spike in January unemployment numbers to 25.7 percent may be numerous dovetailing factors. Or, according to some people, it's no worse in Watsonville than anywhere else and the numbers are not a true reflection of the local job market.

"There's no mass exodus, no massive layoffs, no mass company closings," said Carl Blanke, a commercial real estate developer who watches business vacancies closely in the Watsonville area.

EMPLOYMENT SNAPSHOT

HERE'S WHAT THE JOB SITUATION LOOKED LIKE IN SANTA CRUZ COUNTY ON MARCH 5. IT IS THE MOST RECENT DATA AVAILABLE.

- 18,700, or 12.6 percent of the roughly 148,000 working-age people in Santa Cruz County, are unemployed.
- Watsonville has the highest unemployment rate in the county with an estimated 6,100 people, or 25.7 percent, unemployed.
- The second highest rate of unemployment is near Watsonville in the Interlaken neighborhood, the unincorporated area near the county fairgrounds, where the unemployment rate is 24 percent, representing about 1,000 people out of work.
- The third highest rate is in Amesti area, another South County neighborhood, where about 300 or 20.8 percent of an estimated 1,300-person labor pool is out of work.
- The lowest rate of unemployment in the county is in Felton and Corralitos.

SOURCE: California Employment Development Department

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JOBLESS

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While the housing market in South County has plummeted, there aren't that many more commercial vacancies than usual, Blanke said. Small businesses are struggling, "but I could make the same statement about Cincinnati or San Diego. Everybody is hurting."

Agricultural communities, which traditionally experience higher unemployment in winter, were hit hard statewide. The largest rate increase in January was in Imperial County, which climbed 6.5 percent to 24.2 percent. The state numbers themselves, however, are extrapolations from census figures of 2000. The equation that makes up each month's estimates is derived from statewide business surveys, unemployment claims and local data rather than an actual count of out-of-work individuals.

"This method assumes that the rates of change in employment and unemployment, since 2000, are exactly the same in each city and CDP (designated area) as at the county level," according to the Employment Development Department. "Since this assumption is untested, caution should be employed when using these data."

Jerry Beyersdorff, Pajaro Valley Chamber of Commerce director, said he has "great doubts about the accuracy of the numbers."

Retail is inarguably slower, but "the downtown plaza is not full of people who are out of work. According to these statistics, there should be thousands, and I guarantee you there are not thousands of people out of work in the last 30 days in Watsonville. You drive by Home Depot and there is no difference in the number of guys standing at the exits looking for hourly work. You do not get the sense that there is a significant jump in unemployment."

With the construction downturn, some workers are moving into the agricultural sector for work, according to Alvaro Gonzalez of Glez Farms in Watsonville. Another issue affecting jobs may be that some bank loans are slower than usual



Day laborers wait to be hired in the parking lot of Watsonville's Home Depot Monday afternoon.

DAN COYRO/SENTINEL

A LOOK AT LAYOFFS

RECENT LOCAL LAYOFFS

- Capitola, Mervyn's: 104
- Davenport, Cemex: 120
- Santa Cruz, Circuit City: 56
- Santa Cruz, Plantronics: 59
- Scotts Valley, Seagate Technology: 195
- Watsonville, Children's Services: 5
- Watsonville, DHL: 65
- Watsonville, Sandpiper Farms: 149

RECENT LAYOFFS IN NEARBY COMMUNITIES

- Hollister, Tanimura & Antle Fresh Foods: 93
- Los Gatos, Community Hospital of Los Gatos: 558
- Gonzales, Dole Fresh Vegetables: 186
- Monterey, CTB/McGraw-Hill: 58
- Monterey, Mervyn's: 74
- San Jose, Children's Services: 12
- Salinas, Westmed Ambulance: 153
- Salinas, Children's Services: 85

LAYOFFS EARLIER IN 2008

- Gilroy, Entegris: 55
- Salinas, Dolan Ranch: 68
- Salinas, Fiscalina Ranch: 68
- Santa Cruz, Coast Santa Cruz Hotel: 91
- Watsonville, Santa Fe Farms: 48

SOURCE: California Employment Development Department

to reach farmers.

"They don't say no," said Gonzalez, who says he paid off last year's debts but has experienced delays in getting cash to move forward as planned.

The business is floating costs as they come up and relying on good credit, but the delay means managing the timing of his decisions carefully and putting off some things until later.

"They say, 'You need to wait to complete this and this but don't worry about it. You're going to have the money when you need it.'"

That's how things are now," he said.

There is a higher demand for assistance loans at the California Coastal Rural Development Corp., which provides loans to Central Coast farmers and small businesses. Applicants who have had to cut back have had a harder time meeting loan criteria, said Pam Zamani, vice president at Santa Cruz County Bank who serves on the California Coastal Rural Development Corp. loan committee.

Cathy Juarez, a spokeswoman in the Capitola office

of Manpower, points at a significant drop in the manufacturing sector in Watsonville as well as in the rest of the county. Retail cuts as well have caused a jump in demand for services at the job placement company.

"Our sense is that businesses in general who would normally be hiring are not hiring right now," said David Lundberg, acting director for the Workforce Investment Board of Santa Cruz County. "It means we have many more coming in for services."

The Workforce Investment Board is adding a new position in the Watsonville office where people go for training, workshops and other job-related resources as well as to get help with state services and benefits.

"These numbers are serious to us," said Carlos Palacios, Watsonville city manager.

The city has applied for millions of dollars in federal stimulus money including grants for airport improvements, infrastructure projects, law enforcement, energy efficiency, gang violence suppression and road repairs. The city could receive anywhere from a few million dollars to more than \$20 million, he said.

April, after the berry season gets under way, will be the tell-tale month, said Emilio Martinez, Watsonville city councilman. "Then we'll be able to say either, 'It isn't as bad as we thought,' or we'll say, 'Uh-oh.' Our time to recover may take longer than the average community out there."