

# Watsonville's economy becoming more diverse

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WATSONVILLE — The local economy will never be as dependent on the frozen-food industry as it was in September, 1985, when the 18-month-long strike against Watsonville Canning and Frozen Food Co. began. But, a year after that strike ended, the area is far from depressed.

"The economy is considerably better than a year ago," said Mayor Betty Murphy. "Sales tax receipts are up, and the unemployment figures are down. ... That's a good indicator the city is pulling out of it."

Unemployment in Watsonville for January, 1988 stood at 14.5 percent,

compared with 18.7 percent a year ago, according to Barbara Babcock, of the state Employment Development Department. Countywide, the unemployment rate stood at 8.8 percent this January.

Last year's unemployment rate "was the highest we'd had in a long, long time," Babcock said.

The seasonal labor market accounts for the high jobless rate in Watsonville in winter months, according to Babcock. When the food processors and farmers get going in spring, unemployment drops four or five percentage points. "There is no other place in the state where the fluctuation (in jobless rate) is greater than in Watsonville," Babcock said.

Sales tax revenues are up from the previous year.

According to Administrative Services Director Chuck Comstock, actual sales tax receipts for December, 1987 stood at \$260,324, compared with a dismal \$176,800 the previous December. The figures reflect retail sales volume for the six to nine months prior to the reporting date, so that the 1987 figures represent post-strike sales and the 1986 figures show mid-strike.

The 1987 figures can be attributed to a combination of factors: The end of the strike, the opening of a new shopping center — Orchard Supply Hardware at Green Valley Road and Main Street — and even the Farm-

er's Market, which drew thousands to downtown every Thursday last summer.

Charlene Shaffer, executive director of the Watsonville Area Chamber of Commerce, said: "I haven't heard anything negative about the economy. And you have to know it's OK if there isn't a lot of negative talk."

It's been estimated by the Westside Food Processors Association that the frozen-food industry contributes \$80 million to the local economy. If more food processors close their doors or lay off employees, where will the slack be taken up?

Possibly by new industry. Seagate Technology plans to open a computer disk manufacturing plant this sum-

mer, and conservative estimates say the number of new jobs created in Phase 1 will be about 800. The company ultimately plans to employ up to 3,300 people.

But, Seagate isn't the only new company in town. New businesses are springing up all along Hangar Way and Harkins Slough Road. Some additions to the local economy include, to name a few, Tandem Computers, Skyway Freight Systems and

General Brands Distributing.

Two more shopping centers have received approval in the Green Valley Road and Main Street area, and Westridge Business Park is finishing construction on a major new facility for West Marine Products.

While these new industries have yet to weather the test of time, they offer Watsonville something the city hasn't had in the past — economic diversity.