

## Watsonville

Figures in thousands of dollars

TYPE OF BUSINESS	4th Qtr. 89	4th Qtr. 88
Clothing stores	2,846	3,651
Gen. merchandise store	2,542	5,208
Packaged liquor store	726	975
Food stores	4,885	4,041
Restaurants/bars	6,231	5,326
Furniture/appliance	1,438	1,366
Bldg. materials/farm	8,593	8,315
Auto dealers/supplies	10,677	10,449
Service stations	2,795	3,399
Other retail	8,224	8,502
<b>RETAIL TOTAL</b>	<b>52,765</b>	<b>55,278</b>
All other outlets	16,115	16,116
<b>TOTAL ALL OUTLETS</b>	<b>68,880</b>	<b>71,394</b>

# Earthquake's uneven toll

## Figures reveal mixed impact on business

By SUSANNA HECKMAN  
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Detailed sales tax figures for the months of October, November and December of 1989 quantify the heavy toll the Oct. 17 earthquake took on some Santa Cruz and Watsonville merchants in the midst of the holiday shopping season.

The state Board of Equalization gauges how well local economies

are doing by measuring the taxable sales in each area.

It said in June that Santa Cruz County did not appear to have suffered too much in the fourth quarter of 1989, as it posted a 6.3 percent gain over the same period in 1988 — compared to a statewide gain of 7.7 percent.

(The statewide figure includes an average rise in prices statewide of 3.7 percent. The figures

are not adjusted for inflation, so they don't always reflect a growth in what people are actually getting for their money — only what they're spending, on what, and where.)

The overall county figure appears to have masked the sharp impact of the earthquake — and possibly the newly expanded Capitola Mall — on Santa Cruz and Watsonville and on certain

types of businesses throughout the county.

A breakdown of the figures by industry, released last week, gives a fuller picture.

Countywide, retail sales were \$332 million in the fourth quarter, representing a 2 percent increase over the fourth quarter of 1988. That falls far short of gains during the past five years. Since

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✓ CF EARTHQUAKE-1989 RP 8/17/90

# SALES

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1984, retail sales have increased by 8 percent to 10 percent a year (except in 1986, when they stayed about the same.)

At the same time as retail sales were suffering, there was a whopping 49 percent increase countywide in taxable transactions by construction contractors. State analysts wrote in an introduction to the report that it would be "reasonable" to attribute the jump to earthquake-related rebuilding.

Countywide, sales income from women's clothes was up, but men's clothes, children's clothes and shoes were down. There were big declines in other retail categories, including low-priced variety stores; jewelry; used cars; and new mobile homes, trailers and campers.

The declines were offset by increases in sales of food, lumber, hardware, plumbing and electrical supplies, paint, glass and wallpaper, and furniture and appliances. Business and personal services were also up.

In the cities, increases in construction contracts or other categories seem to have partially offset the losses suffered by some retail stores. For example, in Watsonville, while overall sales were down by 3.5 percent, retail sales were down by 4.5 percent. Santa Cruz's 4.4 percent overall sales drop masks a drop in retail sales of 6.6 percent.

Terry Stigall, Watsonville's finance director, said the city estimates it lost between \$150,000 and \$200,000 in sales tax income alone between Oct. 17 and June 30. For the next fiscal year, he said, the city has budgeted with the expectation of a decline in sales-tax revenue of between \$200,000 and \$300,000. Originally, staff had thought the loss would be even higher.

Total sales tax income for last fiscal year was \$3.6 million, which was split between the city's general fund and its capital spending fund.

The state doesn't break cities' sales down by as many specific categories as counties' sales. But

general categories give an indication of what happened.

● In Watsonville, there was a decrease in general merchandise sales — a category that includes department stores and variety stores — of 51 percent; clothes and shoe stores, 22 percent; liquor stores, 25 percent; and drug stores, 6 percent.

Those losses were offset by a 21 percent increase in sales of food, a 17 percent increase for restaurants, 5 percent for home furnishings, and 3 percent for building materials and farm implements. (A large drop in sales of farm implements may have offset greater increases in building materials.)

● A 19.5 percent drop in total sales in Scotts Valley probably wasn't earthquake-related, the figures show.

Scotts Valley posted gains in most retail categories except auto dealers and supplies, which were down 100 percent. City Manager August Caires said that's because the town's one business in that category, RV-dealer Travel Trails, declared bankruptcy during that time.

Service stations in Scotts Valley showed a drop of 18 percent, but Caires said that was because two Shell stations there were temporarily closed during that time because of a contamination problem that was not caused by the earthquake.

"Other retail," including specialty stores, also declined 35 percent. Non-retail taxable sales, a category that includes some use fees paid by wholesalers or contractors and some temporary businesses such as Christmas tree lots, were down 36 percent. Caires said, however, that those drops also probably weren't related to the earthquake.

● As a group, businesses in the city of Santa Cruz seem to have fared the worst in the county.

Santa Cruz general merchandise stores sales dropped 62.5 percent; clothes and shoe stores declined 33 percent; restaurants, 10 percent; and auto dealers and supplies, 9 percent.

These severe losses were partly offset by increases in, as elsewhere, sales of furniture and appliances, up 21 percent; build-

## Santa Cruz

Figures in thousands of dollars

TYPE OF BUSINESS	4th Qtr. 89	4th Qtr. 88
Clothing stores	2,393	3,561
Gen. merchandise store	1,963	5,237
Packaged liquor store	3,025	2,694
Food stores	8,090	7,178
Restaurants/bars	15,927	17,783
Furniture/appliance	5,903	4,884
Bldg. materials/farm	8,894	7,465
Auto dealers/supplies	24,339	26,652
Service stations	7,192	6,974
Other retail	13,870	16,092
<b>RETAIL TOTAL</b>	<b>94,803</b>	<b>101,554</b>
All other outlets	24,166	22,902
<b>TOTAL ALL OUTLETS</b>	<b>118,969</b>	<b>124,456</b>

## Capitola

Figures in thousands of dollars

TYPE OF BUSINESS	4th Qtr. 89	4th Qtr. 88
Clothing stores	7,838	5,046
Gen. merchandise store	22,672	20,226
Packaged liquor store	N/A	N/A
Food stores	4,062	3,478
Restaurants/bars	7,341	6,077
Furniture/appliance	3,725	2,488
Bldg. materials/farm	4,442	3,951
Auto dealers/supplies	8,315	5,341
Service stations	2,011	1,886
Other retail	17,529	14,301
<b>RETAIL TOTAL</b>	<b>77,935</b>	<b>62,794</b>
All other outlets	3,641	3,517
<b>TOTAL ALL OUTLETS</b>	<b>81,576</b>	<b>66,311</b>

ing materials, 19 percent; and food, 13 percent.

● Capitola posted nothing but gains, for a 23 percent overall increase in sales.

The biggest increases were in auto dealers and suppliers, 56 percent; clothes and shoes, 55 percent; furniture and appliances, 50 percent; restaurants, 21 percent; food, 17 percent; general merchandise, 12 percent; and "other retail," 23 percent.

● In terms of actual size of the economies, rather than percentage change over one year, Capitola has the second-largest economy among the county's incorporated cities. Sales during the fourth quarter of 1989 were nearly \$82 million, compared to

Santa Cruz's \$119 million, Watsonville's \$69 million, and Scotts Valley's \$29 million.

● Capitola wasn't the only area that gained while hard-hit Santa Cruz and Watsonville lost. The-unincorporated parts of the county showed an increase in total sales during the fourth quarter of 8.4 percent.

● Losses suffered by service stations in the county appear to be unusual. While service stations statewide increased taxable sales by 6 percent and gas consumption was up 2 percent, service stations in Santa Cruz County were down an average of 7 percent compared to last year.

In Watsonville, service station sales were down by 18 percent.