

Work begins on business center

By EMILIO ALVARADO
STAFF WRITER

WATSONVILLE — Ground has been broken for building a small business center downtown that backers hope will be the "crown jewel of downtown development."

The \$1.8 million "business incubator" is scheduled to open in October, with space for 17 tenants. The incubator, which will be located at the corner of Union and Beach streets, will provide small businesses with low rents and technical assistance.

Ray Vigil, a member of El Pajaro Community Development Corporation, the non-profit agency that will oversee the day-to-day operation of the incubator, said the incubator could be the "catalyst" that rejuvenates the down-

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town economy.

"I'm optimistic," Vigil said. "We are looking at this as the crown jewel of downtown development."

A service center will be located in the incubator for the businesses housed there, Vigil said. The service center will provide tenants access to business machines and secretarial and technical assistance. He said a consultant will be available to help tenants with any number of matters, such as inventory control, marketing, out-

reach and preparing loan packages.

El Pajaro secured more than \$2 million in state and federal funds for the incubator. But last summer it ran into financial and administrative problems. Delays in construction of the incubator had added up to more than a year, and the possibility of losing the funds was looming. Then El Pajaro ran out of operational funds and was in dire need of an internal overhaul.

El Pajaro decided to ask the city for help. Some City Council members were critical of El Pajaro, saying it had a history of financial and internal problems. They pointed to cases in which El Pajaro ran out of money before finishing certain projects.

The city agreed to bail out El Pajaro, but not before El Pajaro agreed to certain concessions. The city gave El Pajaro \$11,120 to keep the organization operating for a couple of months. It also agreed to pay \$20,000 to a consultant who would help El Pajaro get back on its feet. A \$358,000 loan was also approved by the City Council.

In return, El Pajaro agreed to seat several city staffers on its board of directors and, essentially,

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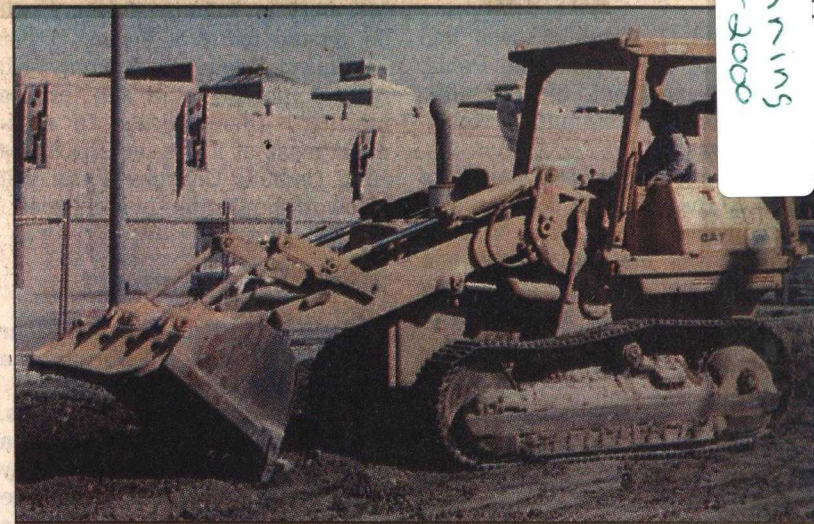
turn over control of constructing the incubator. City officials said the concessions were necessary, because the city was taking a big gamble by getting so deeply involved.

Vigil said the "marriage" of the city and El Pajaro was a logical one and the concessions were necessary.

"They made a lot of sense to me," Vigil said. The city's involvement with a non-profit agency to build a retail outlet is "unique," he said.

Carlos Palacios, a city assistant financial officer and member of El Pajaro's board of directors, said the city is "enthusiastic" about the future of the incubator. He said El Pajaro seems to be on much firmer footing now.

"It's looking very positive right now," Palacios said.



Emilio Alvarado

A heavy equipment operator began leveling site for Watsonville's small business center, as construction got under way yesterday.