

Area jobless rate hits a 10-year low

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Unemployment

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✓ WATSONVILLE — Unemployment rates are dropping around the county, and Watsonville is leading the way.

The city's 20.8 percent unemployment rate was one of the state's highest in 1993. But it dropped to 13.3 percent in November, and analysts say it doesn't look like it will be going back up anytime soon.

The unemployment figures for Watsonville and the rest of Santa Cruz County are now lower than any time over the past decade.

"What's happened in Watsonville is pretty heartening," said Eric Alexander, labor analyst for the Monterey Bay area for the state Economic Development Department.

"The unemployment rate (in the county) was, on average, 10 percent lower than in 1997," Alexander said.

While he didn't yet have year-to-date figures specifically for Watsonville, he said the trend should be dropping at a rate consistent with the rest of the county.

"I expect it will continue its downward trend," Alexander said. "It looks like the annual rate for Santa Cruz County will be around 7.1 or 7.2 percent."

He stressed this was not a formal estimate, but a preliminary guess based on the figures.

The city of Santa Cruz's unemployment rate was estimated at 5.5 percent for November. Aptos had the lowest unemployment rate in the county at 3 percent.

Unemployment rate			
	Watsonville	Santa Cruz	County
1990	14.8%	6.2%	7.1%
1991	17.9%	7.7%	8.8%
1992	19.6%	8.5%	9.7%
1993	20.8%	9.1%	10.4%
1994	19.6%	8.5%	9.7%
1995	18.9%	8.2%	9.3%
1996	17.1%	7.3%	8.3%
1997	15.8%	6.7%	7.6%

Source: EDD

Watsonville's jobless rate has always been higher than surrounding communities because of its reliance on seasonal labor. The city rate reached a high of 20.8 percent in 1993, but has since steadily declined. A wealth of new jobs are being created outside the agriculture industry, bringing employment rates and job opportunities to a 10-year high.

"We've been creating a diversity of jobs ranging from retail at the new Target to Luckys. We've also been recruiting light manufacturing and high-tech businesses," said Carlos Palacios, Watsonville city manager.

Two factors are involved in the city's drastic turnaround, according to Palacios. First, the city has been using federal grant money to recruit new businesses to Watsonville. The city also offers considerable tax breaks for Watsonville companies hiring city residents.

"We're pursuing a very aggressive redevelopment program," Palacios said. "Watsonville has been declared an enterprise zone, and attached to that is a key tax incentive."

That tax write-off is equal to 50 percent of an employee's salary. According to Jeff Wells, enterprise zone coordinator for the city, Watsonville is one of 39 economically distressed zones in California offering this break.

"Each new full-time employee carries a 50 percent tax credit, which is on average between \$17,000 and \$26,000 during the first year," Wells said. The credit is reduced 10 percent each of the following years.

"As we start to become more competitive, we hope to attract even more businesses by pursuing more of these policies," Palacios said.

While job opportunities are increasing in Watsonville and other parts of the county, the rates include county residents who work outside the county.

"We're not a huge market, and a lot of what we're seeing is the growth in other counties," Alexander said. "Fifteen to 20 percent of residents work outside the county. The numbers reflect that the whole region is strong: Santa Clara, Santa Cruz and Monterey are all moving steadily toward getting more and more people employed."