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The closing of the Green Giant plant doesn't help, but the city is showing signs of a recovering economy.

City shows signs of economic vitality despite plant closing

By JUDY BRILL
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The closure of Pillsbury Green Giant's Watsonville plant comes just when the city is feeling the pulse of renewed economic vitality.

Plans are in the works to reopen buildings that have long sat vacant, and the groundwork for new enterprises has begun.

The number of business licenses issued by the city to date in 1993 is up nearly 150 percent from the same period last year, and city planners report they're getting lots of calls from people interested in moving here.

"This is the most activity in the last couple of years at least," said Steve Salomon, Watsonville city manager. "It may be an indication of a turnaround."

Of the Green Giant closure,

he said, "It's clearly a disappointment.

"We'll just have to work harder. We're working on a number of other things."

"It would be nice if this hadn't happened," Salomon said, "but you have to look at everything as an opportunity." Noting that the Green Giant building was "good property, a good location," Salomon said it would be priority to get the workers training, and to get someone else into the building.

When Mayor Oscar Rios campaigned for office, one of his stated goals was to bring the city back from a triple whammy of the food-processor strike, the earthquake and the recession.

"The City Council has made (economic recovery) a priority," he said. Rios said the Green Giant closure would be hard,

but not devastating for the city. "Watsonville is moving forward."

Bob Dwyer, executive director of the Pajaro Valley Chamber of Commerce, agreed.

"The level of activity seems to have picked up in the last six months," Dwyer said. "I definitely sense interest in Watsonville has picked up."

He pointed to other new downtown businesses, including a new discount store next to Bank of America on Main Street, and the new, discount mall on Rodriguez Street which appears to be doing well.

The priority at the Economic Development Council, is "Push, push, push ... try to create more employers," he said.

The EDC, a chamber offshoot funded by surcharge on busi-
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ness-license fees, has an ongoing promotional campaign to encourage prospective businesses to relocate to the city.

"Our calls mostly range in western U.S., but one area with the most interest is southern California. People want to relocate. That's a trend that's probably going to continue."

One company pursuing its desire to relocate to Watsonville is CSC of America, a manufacturer of optical lenses. CSC is planning to move into an 80,000-square-foot facility on a currently undeveloped lot at Westgate and Anna streets.

The firm has been in Santa Cruz since 1967 and simply ran out of space, said president Dong Kim. The anticipated CSC move provides a ray of light in the shadow of 165 permanent Green Giant jobs that will be lost.

"We have 128 people in Santa Cruz," Kim said. "We will be doubling that in Watsonville."

Kim cited a better labor market and more favorable land costs as factors in deciding to move here. "The government people are also very cooperative," he said. "They make it easier for business people. They really helped us a lot when we ran into trouble (with design plans) ... they helped with a lot of things."

Kim said he didn't know when the firm would move. He wants to lease or sell the Santa Cruz building first, and he said that might be difficult with the economy in its current state.

Mary Alsip, a city assistant planner, said a lot of people want to move to Watsonville because "Nobody wants to deal with the county."

She said Watsonville has taken steps to make it easier to move here.

About a year ago, reviewing a simple permit application was changed into an over-the-counter proposition. It cut processing time from two weeks to a matter of minutes, and slashed the fee from \$141 to \$52.

About six months ago, the city Design Review Commission was abolished, another move that succeeded in saving time for city staff as well as for the business owners, and cutting hundreds of dollars from planning fees.

Plus, Alsip says, "I don't know how the county is doing it now, but we still answer our phones here with people."

Senior planner Paul Kaneko agrees that business is up.

"Just look around you, especially downtown," he said, citing the city's new parking garage, the youth center, the Romo building, and the CHISPA and Pajaro Valley's affordable housing projects.

There is a lot of activity, described by Dwyer as "a game of musical chairs," on Freedom Boulevard. One example is the relocation of Kmart from its Freedom Boulevard site in Freedom to a new store, also on Freedom, but in Watsonville. The move provided the city with 255 additional jobs.

An Ultimate Video outlet has just opened, also on Freedom, next door to the county courthouse, and a Foster's Freeze will be going in at Freedom and Clifford Avenue.

Just a short walk north on Freedom is the old Freedom Foods building, which has been unoccupied since the market closed about 1½ years ago. The 27,500-square-foot building will be divided to house a new Walgreen's drug store and a Furniture City outlet.

The Walgreen's plans are currently being reviewed by the Planning Department. All the paperwork for the furniture store has been approved, although an opening date has not been set.

Alfaro's Bakery has moved into the old Miller's meat site on East Riverside Drive, and a Chevron station/automated car wash will be built at the Crossroads Shopping Center. Ketema-Pacific Extrusion, an aluminum manufacturer, will be expanding its operation on West Beach Street, creating about 30 jobs in the process.

Another major project in the works is the Smith's "super-store" on Green Valley Road at Loma Prieta Avenue. The 81,000-square-foot retail-commercial center would require a permanent work force of between 200 and 250, according to the company.

Carl Sprague, a property manager with Lester, Roach & Gardiner, is in the midst of lease negotiations for space at Westridge Industrial Park.

Sprague, who declined to provide details, did say the new businesses would provide light-manufacturing and office-type jobs and represented a major step forward for Watsonville's economy.

"We're trying to communicate Watsonville's advantages," Sprague said, "like its market rates, which are 20 percent or less than other areas. We are also trying to promote Watsonville's potential enterprise zone designation."

Legislation is needed to add additional cities to the state program, under which businesses are given tax incentives to relocate or expand in communities that have been designated as an enterprise zone.

Twenty-five cities have already been named, with Watsonville losing out to larger, more better-known cities.

Two bills that would have accomplished upping the number of designated cities have been put off for a year. One, AB1015, would allow 25 new cities to be designated. It was proceeding well until its author, Assemblyman Pat Nolan, was indicted for alleged campaign contribution violations, said John Arriaga, Watsonville's lobbyist in Sacramento. "That bill should have gotten through."

He said AB1015 is now a two-year bill.

Another measure, SB845, would add 20 cities, but it has followed suit in becoming a two-year bill.

Arriaga said he and the city will be working to get something else going in Sacramento by January. Arriaga said state Sen. Henry Mello has agreed to introduce new, similar legislation.