

Cannery audited by state

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WATSONVILLE — A state marketing enforcement agency is investigating Watsonville Canning and Frozen Food Co. for alleged non-payment of bills to suppliers.

The confirmation of the inquiry, which could conceivably lead to the company's license being lifted, comes in the aftermath of Watsonville Canning's surprise shutdown of operations last week. Company officials said the shutdown, during the peak packing season, will last no longer than one week.

George Reese, bureau chief of the state Food and Agriculture Marketing Enforcement, said late Friday from Sacramento that he met Tuesday with Watsonville Canning President Ron Trine over the cannery's alleged non-payment of more than \$2 million to a Santa Maria broccoli supplier.

The firm, Bonita Packing, is filing a \$2 million-plus claim against the cannery, alleging non-payment of bills, said Bonita owner Patrick Ferrini.

"They just got a little slow in paying," said Ferrini, whose company ships as much as 2 million pounds of broccoli annually to Watsonville Canning.

Ferrini said the claim was not filed out of a sense of "panic." In light of the company shutdown this week, Ferrini said "it was not our intent" to force the company out of business, and said he hoped Bonita was not being blamed for the shutdown and layoffs.

Reese said his supervisor will go back to Watsonville Canning Thursday to look at the company books. He said Trine had been "100 percent cooperative" in the first meeting. Trine has denied the company is under any state investigation.

Reese said the second meeting was set up because he is not satisfied the company can pay off its debts.

Marketing Enforcement has the legal authority to lift Watsonville Canning's license to handle farm products if the company is found delinquent in paying its bills.

Reese, who called the Watsonville Canning matter "sensitive," said Trine gave no indication Tuesday that the plant would shut down and the workforce laid off the next day.

He said it would only be "speculation" to say anything further about the company's future.

Watsonville Canning also reportedly owes more than \$5 million to Gil Co. of King City, plus has outstanding bills with local brussels sprout growers and a Watsonville cauliflower packer, Superior Foods.

An official at Superior said late Friday he did not wish to comment about any outstanding bills with Watsonville Canning.

Trine said Thursday the company has not been cut off by suppliers, and that deliveries of produce will resume shortly.

Thursday, an official of the Santa Cruz Artichoke and Sprout Growers Association said Watsonville Can-

ning had unpaid bills with sprout growers, but had not, as of that day, been cut off from supply. The official noted growers had planted crops contracted to Watsonville Canning and had nowhere else to sell them.

In an interview at his cold-storage business south of Watsonville, Hilltop Storage and Packing owner Ron Dreisbach said that Watsonville Canning is a large part of his business and that the "ripple effect" from a permanent shutdown would reverberate throughout the Pajaro Valley.

Dreisbach, whose modern offices overlook an array of freezers holding produce bound for Pajaro Valley processors, said he has no Watsonville Canning produce, that the company had told him what it announced to the press Thursday: The shutdown was forced by a lag between harvested crops contracted to the plant.

"Nobody knows what's going on," Dreisbach said.

Dreisbach declined to state whether Watsonville Canning owed Hilltop any money.

But, he said, "anybody who is owed money and who doesn't get paid will feel some anxiety."

He said if the cannery did fail, it "would be hard to replace quickly."

Steve Shaw, vice president of Shaw Frozen Foods, a major competitor of Watsonville Canning, said Thursday that salaried employees from the cannery had come to Shaw seeking work.

Watsonville Canning has denied that salaried employees also were laid off. Trine said management and administrative workers are on vacation.

Trine denied the shutdown had anything to do with financial difficulties or with the strike of more than 1,000 workers against the company.

Union officials and others in the processing industry have speculated the company might be going out of business.

At the same time, Watsonville city officials have voiced concern over the rumors of a permanent loss of the area's biggest employer and company.

"It's all rumors," said Watsonville City Manager John Radin Friday. He said he did not have any concrete details on what a permanent shutdown of the plant would mean to the city in terms of revenue.

But, Radin said, if Watsonville Canning did shut down for good, it would have "tremendous impact" on the city and Pajaro Valley.

Radin pointed out that most processing plants shut down temporarily during slack periods.

But he said he could not recall a plant ever closing in September, during the peak of the harvest and packing season.

Watsonville City Councilwoman Betty Murphy commented, "The whole plant has shut down? I don't know what to say; I'm just flabbergasted. When we had that town hall meeting there was nothing about closing anything up. I have heard no rumors at all. It's just a big surprise to me."

Councilman Rex Clark said, "If it's so, it doesn't totally surprise me. I've been hearing little bits of rumors around town for several weeks that such a thing was a possibility, but no one could pin it down."

"They have a huge investment in plant and equipment, and I assume they wouldn't walk off and leave it there. I hope if it's their intent to shut it down, they'll sell to someone who will use it."

In the nearly 13 months the strike has been going on, company officials have continued to maintain Watsonville Canning has suffered severe financial losses because of out-of-state competition and imports from Latin American processors and producers.

Other processors and union officials have blamed Watsonville Canning for driving down the price of frozen vegetables by overproduction.

The company hired replacement workers to take the place of strikers and these were the workers laid off this week. Several said they were told to contact the company in a week or two to check on when they might return to work.

Watsonville Canning has had to hire extra security guards, and has paid to bus in most of the replacement workers, who must pass through gates manned by pickets.

The strike has also cost the company untold dollars in legal fees.

The Teamsters, with the economic muscle of the national union to back them up, have instituted an economic boycott with the aim of cutting off Watsonville Canning's sources of credit and product.

Trine has denied the shutdown has anything to do with either the economic boycott or the strike. He said it is a typical business decision made several times a year by processing plants when product sources dry up.

At the same time Watsonville Canning has shut down production, other processors are going full bore as the peak of the harvest season continues.