

# Economic picture bleak, but not all news is bad

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Faced with cyclical unemployment rates that see more than one in four of its work force jobless at some point in the year, Watsonville has struggled hard in the last year to boost its economy by en-

## Year in review

couraging new and expanding businesses.

The city's employment rate is one of the worst in the Monterey Bay, with its unemployment consistently double that of Santa Cruz County and several percentage points higher than Monterey County, which has been reeling under the closure of Fort Ord and the general economic malaise downtown.

Watsonville's retail sales business — judging by the city's sales tax receipts — have been nearly flat for several years.

Several businesses — notably Pillsbury-Green Giant — have pulled out of the city. Attempts to find a buyer for the closed Ford's Department Store have been unsuccessful.

But Watsonville has also been the scene of several business expansions. Kmart opened a new store on Freedom Boulevard. Albertson's expanded its operations into the old Kmart in Freedom.

Big 5 sporting goods opened a

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new store in the Pajaro Hill shopping center. A new Chevron gas station and car wash opened in the Crossroads Shopping Center.

A new enclosed market with a mercado feeling opened in the old Dick Bruhn's building and the city has been successful in leasing much of the retail space in its new parking structure. The Romo building opened for business in place of three buildings destroyed by the 1989 Loma Prieta earthquake.

The city has also been bidding for state and federal assistance and has narrowly missed several times winning a state designation as an economic enterprise zone, which would have fueled industrial and commercial growth by offering

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businesses tax breaks for operating here.

A bill, authored by State Sen. Henry Mello, D-Watsonville and signed by Gov. Pete Wilson last summer, authorizes two more state-designated enterprise economic zones — one of which is tailor-made for Watsonville.

There's been no state action yet on that bill, but the city last week was one of three California cities to receive a federal economic assistance grant.

Rep. Sam Farr, D-Carmel, announced that the city will be getting \$2.9 million from the federal Department of Housing and Urban Development for use over a 10-year period for job training, after-school youth recreational programs, and for drug and alcohol-abuse education and gang suppression in the city's enterprise zone on the west side, an area bounded by Highway 1, North Main Street, Rodriguez Street and the Pajaro River that also includes the city's industrial district.

The area is one of the poorest sections of the city. The poverty rate there, according to the U.S. Census Bureau, is 26.7 percent. The county's poverty rate is 10.7 percent.

According to the 1990 U.S. Census, per capita income on the west side of Watsonville is \$7,887. Per capita income in the county is \$17,347.

The city granted some major

concessions last summer to Del Mar Foods for the construction of a new food processing facility — waving more than \$30,000 in fees and other charges on the \$2 million, 32,400-square-foot processing facility on West Beach Street.

Del Mar won the contract to take over Green Giant's vegetable processing when the Pillsbury subsidiary finally closed its Watsonville plant last January.

The plant was purchased by the S. Martinelli Co. for a reported \$5.25 million, who leased part of it back to Del Mar Foods as a temporary frozen vegetable processing facility while construction proceeded on its own plant.

Del Mar hired back more than 80 Green Giant workers to help process Green Giant spinach and Brussels sprouts on a seasonal basis.

The long-awaited \$2.5 million business incubator planned by the El Pajaro Community Development Corporation got underway with a ground breaking ceremony Dec. 16.

The building, at the corner of E. Beach and Union Streets on the site of the old Odd Fellows building, is being constructed by the city after the Watsonville City Council agreed to bail out the financially strapped CDC with a \$358,000 five-year loan. The city council made the loan from Measure E earthquake funds.

The new building will contain 17 office and retail space and also provide technical assistance to small businesses in town.