

THE LONG ROAD BACK

The quake dealt terrible blows to retailing, tourism and agriculture in Santa Cruz County, threatening long-term economic stability

By Ron Wolf
Mercury News Staff Writer

As Northern California comes to grips with the economic consequences of the earthquake, the financial repercussions will be especially severe for Santa Cruz County.

Over the longer term, however, the county could emerge stronger economically from the disaster, judging by the experience of other communities that have weathered similar catastrophes.

Although TV cameras have directed the attention of the nation to San Francisco and Oakland, the relative devastation has been far worse in Santa Cruz and Watsonville, the county's largest communities.

The epicenter of the quake coincided almost exactly with the geographic center of the predominantly rural county south of Silicon Valley. Because the region was cut off from the Bay Area for the first two days after the quake, the extent of the damage there initially was overshadowed by scenes of the Bay Bridge and the Cypress structure.

In Santa Cruz County, however, the losses went beyond lives and buildings.

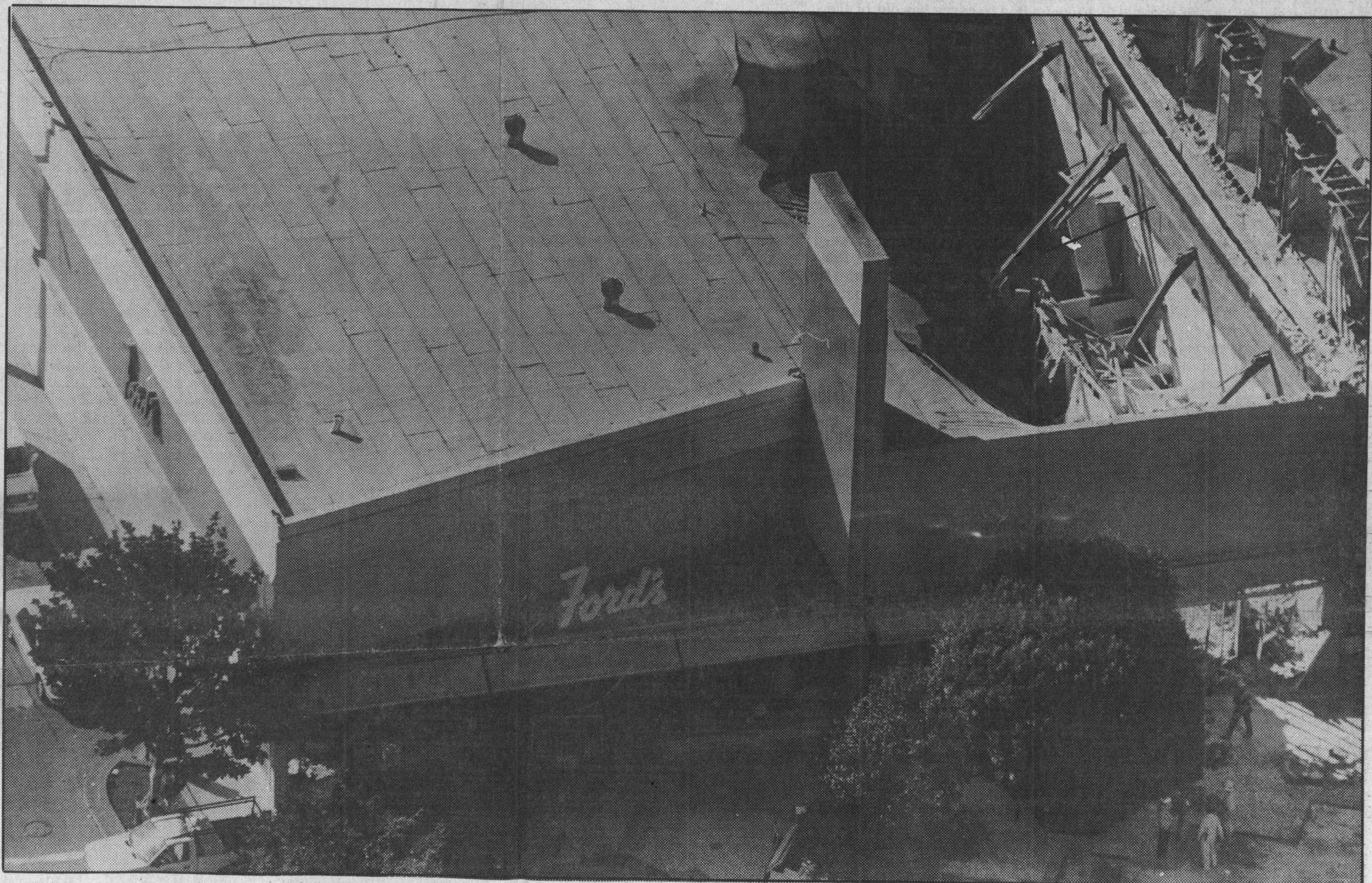
Large parts of the economy may be in ruins.

In the town of Santa Cruz, the tremors demolished the principal retail district, killing five people and destroying more than 100 businesses. Pacific Garden Mall, the focal point of the town's redevelopment efforts, was flattened. At least 30 percent of the downtown area will have to be demolished and rebuilt.

In Watsonville, the shock waves wiped out a portion of the downtown area. About one-quarter of the buildings in the central business district will have to be torn down, according to Terry J. Stigall, the city's finance director.

Countywide, the loss of private and commercial property now is estimated to be \$1 billion, said Sherry Mehl, a county supervisor.

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Jason M. Grow — Mercury News

COUNTING THE COST — The adjoining building collapsed onto Ford's department store in the

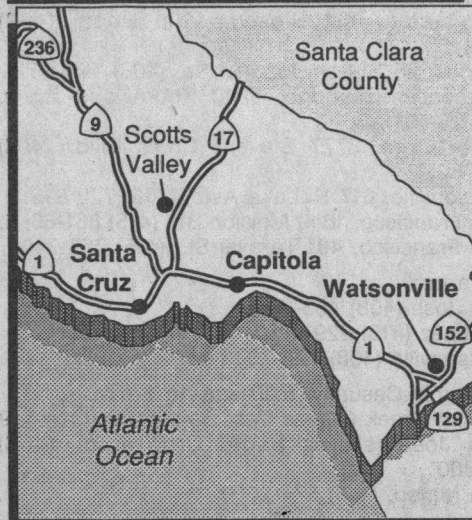
Pacific Garden Mall in downtown Santa Cruz. The lines for food and supplies, above, grew by

mid-morning Wednesday at the Big-T market at Mission and Laurel streets in Santa Cruz.

Tom Van Dyke — Mercury News

‘When something like this happens, you never get back to where you were.’

Santa Cruz County



Ron Coddington - Mercury News

■ Population: estimated 229,900 in January, up 22 percent since 1980. The population is expected to grow 25 percent by the year 2000.

■ Population of largest municipalities: Santa Cruz, 49,800; Watsonville, 30,250; Capitola, 10,250; and Scotts Valley, 9,075. All figures are for January.

■ Employed: 127,200 in August. About 6,000 unemployed.

■ Unemployment rate: 4.5 percent in August, but much higher in the winter, when agriculture and tourism are less active. The unemployment rate in February was 9.6 percent.

■ Main roads: Highway 17 to San Jose, Highway 1 to San Francisco.

■ Agriculture: apples, strawberries, raspberries, artichokes, lettuce, dairy products, nursery products.

■ Major industrial employers: Seagate Technology and Mountain Computer, Scotts Valley; Plantronics, Santa Cruz; Green Giant Division of Pillsbury Co., Tandem Computers, Watsonville.

■ Value of production: estimated \$4 billion in 1987.

■ Total retail sales: estimated \$1.3 billion in 1987. Median value of single-family homes: \$230,000 in January, 250 percent above the national average.

■ Median annual household income: \$32,000 in Greater Santa Cruz at the beginning of 1989, \$214 lower than the national average.

Sources: California Facts, Sales & Marketing Management, state of California, Center for the Continuing Study of the California Economy.

County may emerge stronger

But area faces long disruption

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sor. More than 700 buildings are known to be damaged, and the total is still rising. Agricultural losses have not been estimated but are expected to be great.

Although the cost of damage in the Bay Area may hit \$4 billion, the communities ringing San Francisco Bay have more than 20 times the population of Santa Cruz County and vastly greater resources to apply to their recovery.

Even before the earthquake, Santa Cruz County lagged other parts of Northern California in economic activity. Business conditions in the county depend overwhelmingly on agriculture and the intensely competitive tourism industry, with nearly equal dollars generated by each. Neither industry has been especially prosperous during the past few years.

Santa Cruz County has been growing more slowly than other parts of North-

ern California. Most of the growth has been attributable to long-distance commuters seeking relief from exorbitant housing costs in Silicon Valley.

In Santa Cruz, where tourism dominates, the flow of visitors comes primarily over Highway 17, the city's lifeline to San Jose and the rest of the Bay Area. The road, closed since the quake by landslides and fissures in the pavement, probably will reopen in a matter of weeks.

Highway 17 will be disrupted, however, for many months as state crews gradually make permanent repairs. Construction work, reduced speeds and snarled traffic may become a way of life, reducing the vital flow of tourists and impeding local residents who hold jobs in Santa Clara County.

For Santa Cruz and Watsonville, economic recovery will depend most heavily upon two factors, according to Howard Kunreuther of the Wharton School of Business at the University of Pennsylvania.

Kunreuther, who has studied the aftermath of the Alaskan earthquake in 1964 and other natural disasters, said

the recovery will be influenced most by the amount of outside aid that flows into the area and by the way local residents take advantage of the opportunity to rebuild.

"Although you won't believe it right now, in many ways people were far better after the (Alaskan) earthquake than before," said Kunreuther, director of Wharton's Center for Risk and Decision Process. They built much better replacements for their damaged public facilities and private plants, he said.

To reach critical decisions about rebuilding in Santa Cruz County, residents will have to face up to difficult political problems.

In Santa Cruz, the business community has been feuding for years with the liberal-progressive coalition that has controlled the city council. Business leaders found their plans for revitalizing Pacific Garden Mall blocked by strong anti-growth sentiment. Several businesses have left town, and the retailing focus has gradually shifted to a new mall in Capitola and to San Jose.

Owners of businesses that rely direct-

ly on visitors have complained that inhospitable public officials have failed to move ahead with plans for a conference center and a major hotel that would stimulate tourism.

At the same time, there are isolationists in Santa Cruz who have suggested that Highway 17 should be closed permanently.

Business interests in Watsonville have been divided over a different issue — the roles of the central business district and the newer strip malls outside town. During a meeting of city authorities and business people Friday, one owner of a business in a strip mall suggested the entire downtown area be razed and turned into a parking lot. He was booed.

Kunreuther's studies of other earthquakes provide reason for optimism. In the wake of such disaster "communities have tended to come together in ways that were not foreseeable," he said.

Mercury News Staff Writers Alex Barnum and Tom Schmitz contributed to this report.