

Dean Foods buys Norcal Crosetti

By LANE WALLACE

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WATSONVILLE — The much-rumored purchase of the Norcal Crosetti frozen-food company by Dean Foods is official.

The purchase, announced in a late-night fax from Dean Foods' Chicago headquarters, puts the city's two remaining frozen-vegetable firms under one ownership.

Sergio Lopez, chief officer of the Teamsters Union in Watsonville, said he has been told Norcal Crosetti workers will retain their union seniority and that there are no plans to reduce the staff.

"There shouldn't be a hiccup," Lopez said of the sale.

"The union and management have been trying to preserve jobs," Lopez said. Norcal and Dean Foods employs about 800 people each at peak. Dean Foods has 19 vegetable processing companies and is the largest frozen-vegetable company in

the country.

It's been no secret around town that Norcal Crosetti has had financial problems.

Company president Ray Walker said last night there is "no question" that the company was hurt by the huge debt it was saddled with when it formed eight years ago.

When Watsonville Canning and Frozen Food Company went bankrupt at the end of an 18-month strike in 1987, King City grower David Gill started Norcal Frozen Foods. Norcal took over the old Watsonville Canning plant on Ford Street and hired the old Watsonville Canning workers.

Six months later, Norcal merged with the J.J. Crosetti frozen food company, and the Crosetti plant in Pajaro was eventually closed. The new company was saddled with roughly \$15 million in old Watsonville Canning debts.

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The local frozen-food industry has declined appreciably since its strongest days in the early '80s. There are fewer jobs, and the Green Giant plant closed early in this decade, shifting its operation here to Mexico.

"The industry has for some time been over capacity," Walker said. "Consumption of frozen vegetables has declined. That, coupled with more competition from Mexico, has made it extremely tough" for companies in California in the last few years.

Dick Shaw, who formed Shaw frozen food company in 1976, sold to Dean Foods in 1988. One of Shaw's sons, Jeff, is a top executive at Dean Foods.

The purchase of Norcal Crosetti "should provide efficiencies that will strengthen our position as the low-cost, high-quality leader in the region," Howard Dean, chairman and chief executive officer of Dean Foods, said in a prepared statement.

"We are very sensitive to the impact of this acquisition on the city of Watsonville," Dean said. "Clearly, one strong financially strong and integrated operation in Watsonville is in the long-term best interests of the city and its residents."

Lopez said the sale "presents a good opportunity for Dean Foods." He praised the efforts of J.J. Crosetti Jr., Dean Foods, Gill and Walker for preserving jobs over the years.

Lopez had special praise for Walker, who had been with Crosetti before the merger with Norcal. "The community owes him a debt of gratitude," Lopez said.

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