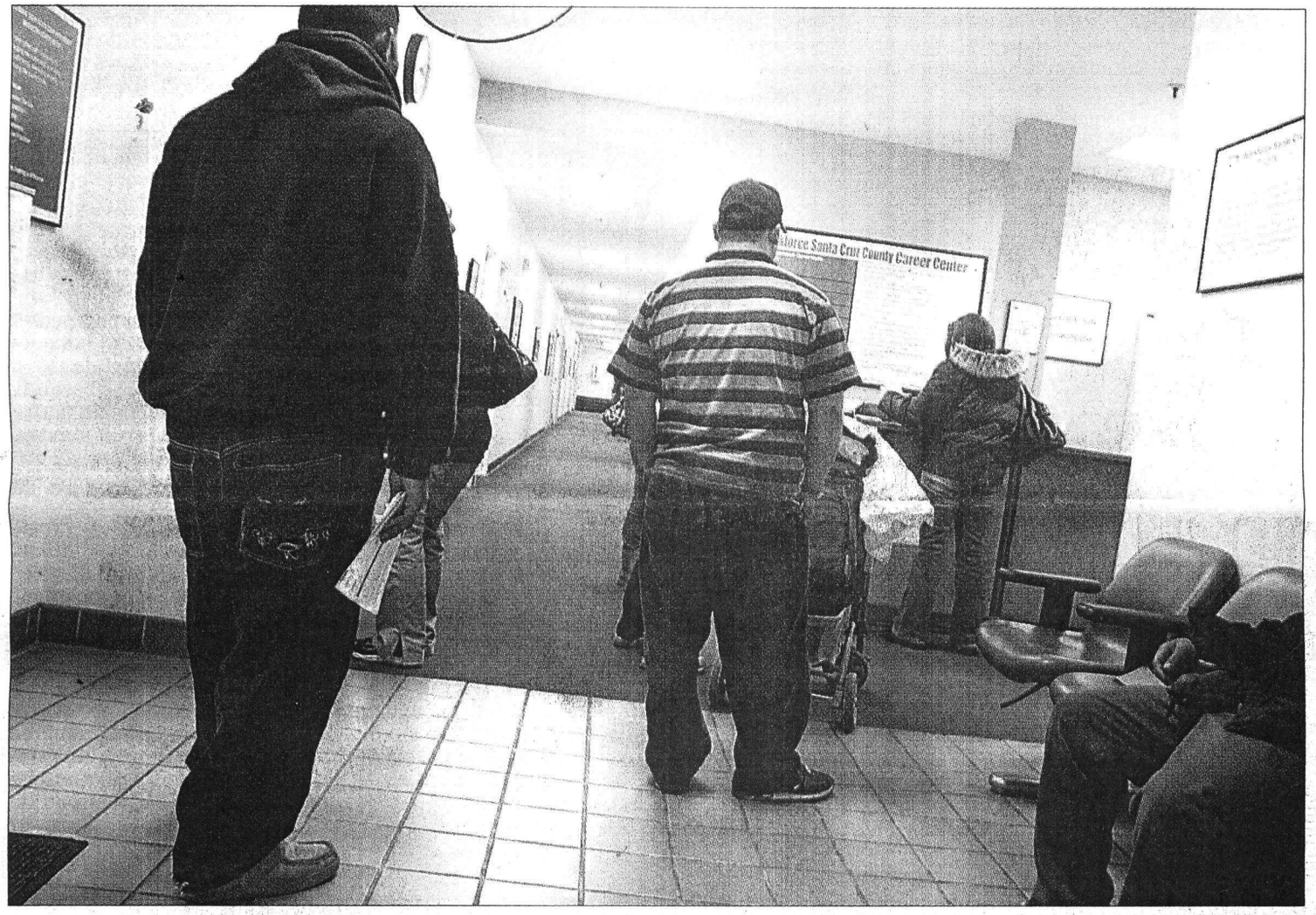
12.6 PERCENT UNEMPLOYMENT IN COUNTY

Local jobless rate outpaces state



SHMUEL THALER/SENTINEL

Unemployed people looking for work stand in line at the Workforce Santa Cruz County Career Center in Watsonville on Thursday.

Nearly 1 in 4 unemployed in Watsonville; 1 in 10 in Santa Cruz

Unemployment 3.6.09

By JONDI GUMZ
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WATSONVILLE — As construction shriveled and retail shops closed, Santa Cruz County's jobless rate reached 12.6 percent in January, led by a nearly 26 percent jobless rate in Watsonville.

Watsonville's jobless rate jumped nearly 5 percent in January, up from 21 percent last month and 17.8 percent a year ago. Unemployment in the county surpassed the state, at 10.6 percent, and the nation, at 8.5 percent.

In the city of Santa Cruz, about one out of 10 workers is jobless; in Watsonville it's one out of four.

Nearly every sector of the local economy is affected, from construction and information to retail, finance and manufacturing and government.

One exception: "Other services," which includes personal care, pet care and death care, saw a healthy 5 percent growth from a year ago.

Since January 2008, hundreds of jobs have been lost:

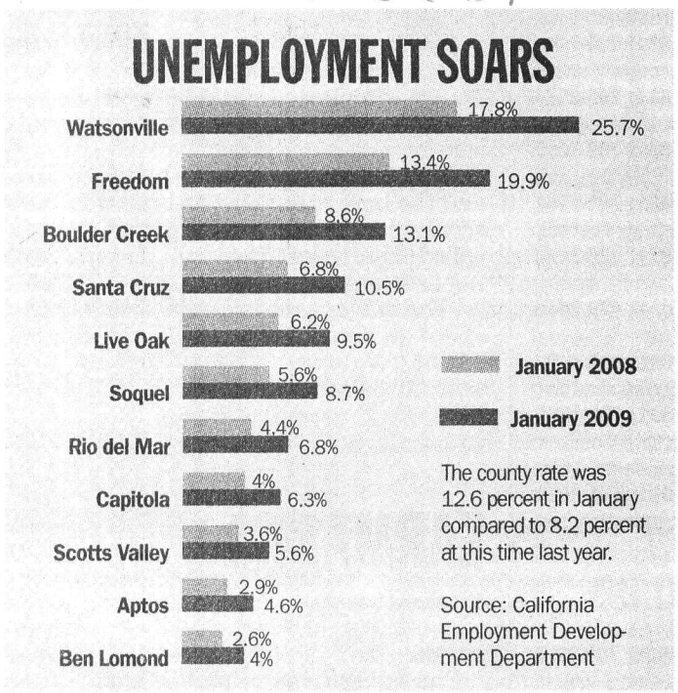
- Construction and mining, down 900 jobs from 4,700, a 19 percent drop.
- General merchandise stores, down 400 from 1,700 a year ago, a 24 percent drop.
- Finance, down 200 from 2,100 a year ago, declining 9.5 percent.

Jerry Beyersdorff, who heads the Pajaro Valley Chamber of Commerce and Agriculture, said construction "has dried up. People are postponing things like a kitchen remodel."

Scotts Valley contractor Dene Bustichi said competition for jobs is cutthroat.

"People are bidding jobs at cost and hoping for change orders to make ends meet," he said. "I've

SEE **JOBS** ON **A2**



JOBS

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not seen it like this in 20 years in business."

Commercial real estate broker Ron Hirsch reports his firm regularly gets calls and e-mails from construction companies and architects looking for any job, even small ones.

"They are all having a hard time keeping their crews working," he said.

The collapse of construction follows the housing meltdown, triggered by the inability of buyers to refinance adjustable-rate mortgages and the growing number of foreclosures. A total of 115 homes have been sold at foreclosure auction so far this year, more than at this time last year, which set a record at just over 900. Nearly 300 homeowners are behind on payments, slightly more than a year ago.

Retail stores have suffered as homeowners cut spending after the stock market collapsed in October.

Mervyns, which went bankrupt, closed its Capitola Mall store and Circuit City is expected to close its Santa Cruz store next week as the company is also defunct. Smaller retailers have given up, too.

Beyersdorff said "a lot of mom and pops" are closing in Watsonville. A corner market across from the chamber office on the 400 block of Union Street closed last fall; it is now a church.

While farm jobs typically decrease this time of year, the decline doesn't account much for the increase in Watsonville's rate.

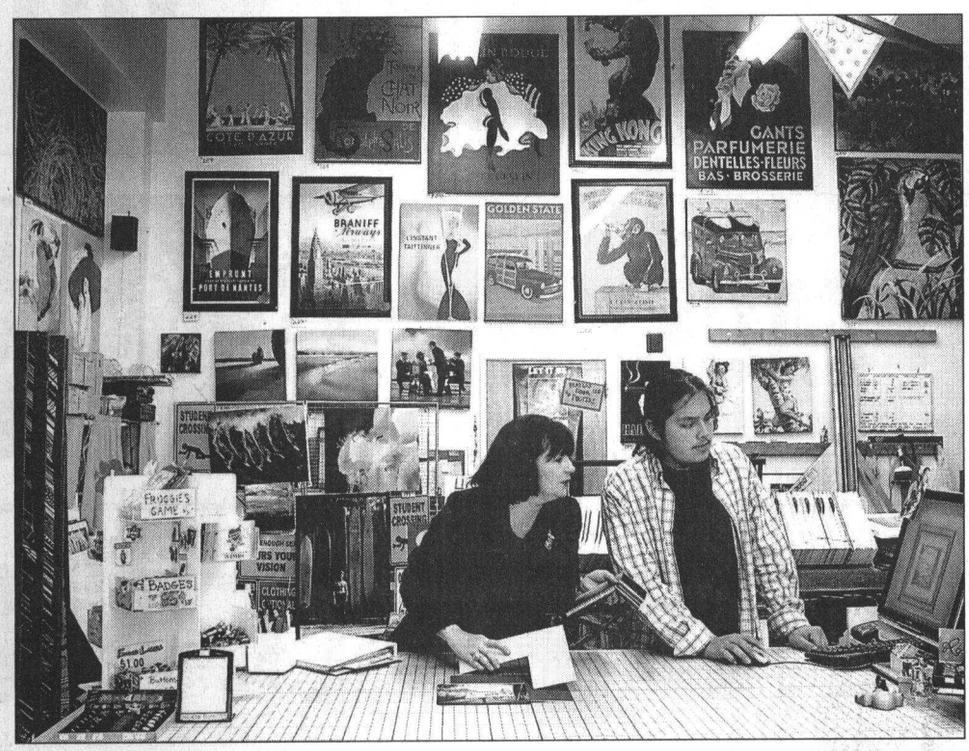
Mary Kay Parks, owner of the Miracles inspirational store in Santa Cruz for 11 years, decided Thursday to start a going-out-of-business sale.

"I'm very upset," she said, her voice cracking.

Susan O'Leary, who bought Graphfix frame shop in downtown Santa Cruz three years ago, has laid off three of her six employees for lack of business. To boost sales, she bought a state-of-the-art software system for $2,000 to visualize the custom frames she offers customers.

In Boulder Creek, where 13 percent are out of work, the Rev. Clyde Vaughn is starting a series of workshops and a support group for the financially stressed. Two members in the small Boulder Creek United Methodist congregation may lose homes they bought at the top of the market.

"Everyone knows someone who is having difficulty," Vaughn said.



SHMUEL THALER/SENTINEL

Susan O'Leary-Reuss goes over a framing order with employee Daniel Soto at Graphfix in downtown Santa Cruz on Thursday.

MOST LOCAL JOB SECTORS ARE DOWN

Type of job	January 2008	January 2009	Change	Percentage
Construction, mining	4,700	3,800	(900)	Down 19.1%
Information	1,100	1,000	(100)	Down 9.1 %
Trade, transportation	18,100	16,900	(1,200)	Down 6.6%
Financial activities	3,500	3,300	(200)	Down 5.7%
Manufacturing	5,800	5,600	(200)	Down 3.4%
Professional/ business services	9,800	9,700	(100)	Down 1%
Government	22,700	22,600	(100)	Down .4%
Other services	3,800	4,000	200	Up 5.3%
Education/health	12,400	12,600	200	Up 1.6%
Leisure/hospitality	10,400	10,500	100	Up 1%
Nonfarm	92,300	90,000	(2,300)	Down 24.9%
Farm	3,300	4,400	1,100	Up 33.3%
County total	**95,600**	**94,400**	**(1,200)**	**Down 12.6%**

SOURCE: California Employment Development Department

'Everyone knows someone who is having difficulty.'

THE REV. CLYDE VAUGHN, Boulder Creek United Methodist

Local UPS Stores in Scotts Valley, Santa Cruz, Aptos and Watsonville are offering to help job-seekers by providing free copying and faxing of resumes.

The education and health sector saw a modest 1.6 percent increase in jobs, though Cabrillo College froze hiring because of state funding cuts, and the number of full- and part-time employees at Dominican Hospital remains at just over 1,700, the same as last year.

No increase in staffing is expected, spokesman Mike Lee said, adding there have been fewer vacancies.

Fewer nurses are retiring due to the economic uncertainty. Even nursing graduates are having a hard time finding work as recruiters focus on people with experience, said Capitola resident Stephanie Harlan, a nurse at Salinas Valley Memorial Hospital.

The new Dominican Medical Foundation, which brought in seven new physicians in the past year, hired 15 new employees as support staff.

"What we have noticed is a larger-than-usual applicant pool, another sign of the times," said director Patrick Peer.

Computer manufacturing remained stable from a year ago.

Fullpower, a startup led by tech pioneer Philippe Kahn in downtown Santa Cruz, is advertising for game developers and software engineers. Whole Foods chose a staff of 156 for its first Santa Cruz store, which opens March 18, and expects to hire a comparable number for its Capitola store.

New Leaf Community Markets added employees for a new Westside Santa Cruz location opening March 11. The larger location created an opportunity for Bonny Doon Garden Co. to open a boutique inside and hire two more people.

"I want to rebel against the recession," grower Teresa Sabankaya said, recalling how she cut the price for a recent customer. "He had just gotten laid-off and he was digging in his pocket to buy a beautiful bouquet for his wife's birthday."

In Watsonville, where economic development staffer Kurt Overmeyer started work in December, Councilman Luis Alejo predicted his city will rebound.

Alejo hopes the new vocational school to be built at Cabrillo's Watsonville center — where postponement plans have been discussed — will bring training for green jobs.

Recalling the 2006 shutdown of Birds Eye, which eliminated 550 jobs, and the 2007 aluminum plant closure, which took another 100, he added, "Watsonville has always had a resilient spirit."