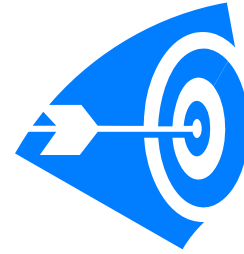


Watsonville Business Survey Report

Prepared by Cabrillo College

Planning & Research Office

(10/5/07)



Twenty three businesses in the Watsonville area were surveyed in early 2007 as to the nature of their business, their plans, and their chief concerns. Specifically, business owners and executives were asked to identify strengths and weaknesses of doing business in Watsonville and to suggest improvements. Respondents were also asked to identify missing job skills in the local labor force and any other problems they were facing.

Responses to the survey questions are reported anonymously; individual companies are not associated with their responses.

About the Companies in the Survey

The businesses included in the survey represent a wide array of the area's business community: Manufacturing (6); Retail (5); Distribution (2); Service (2); Construction (1); and Other (7).

The average size of the businesses surveyed is 163 employees, reflecting the sample of mostly large to medium businesses. The range of full time employees was from 17 to 750. The average age of the businesses surveyed was 48.5 years.

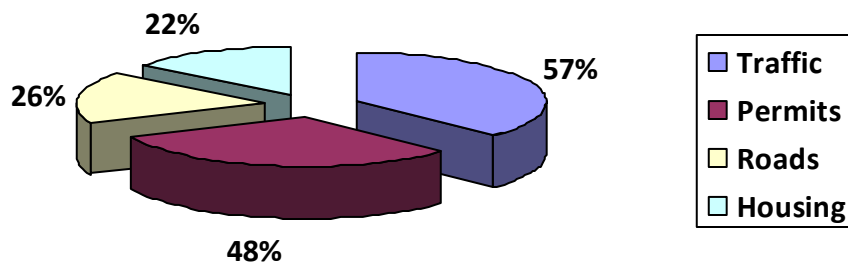
Most companies reported a positive sales change over a year ago. Sales were reported up about 4%, with a range from -10% to +25%.

Eight of the businesses (37%) were planning an expansion in the near future. The vast majority of the businesses surveyed were private sector (96%); Cabrillo College was the only publicly funded employer included in the survey.

Top Issues

Respondents were given a list of potential issues or problem areas and asked to check off those that were problematic in their work within the city area. Topping the list were Traffic (selected by 57% of the respondents); Permits (48%); Roads (26%); and Housing (22%).

Watsonville's Business Community's Top Four Issues



The complete list of business nominated issues is provided below.

Issue	Percent nominating
Traffic	57%
Permits	48%
Roads	26%
Housing	22%
Drainage	13%
Parking	13%
Police	13%
Zoning	13%
Hazardous Waste	9%

*Air, Fire Services, Sanitation & Utilities were not selected as issues facing business.

Business Identified Strengths, Problems, Weaknesses and Missing Job Skills

Survey respondents were given the opportunity to respond to open-ended questions about the strengths, problems, weaknesses and missing job skills in the Watsonville area. Those comments are reprinted below.

Watsonville's Primary Strengths

Agriculture

Agriculture, undeveloped land, scenic beauty.

Available affordable labor base.

Customer Service, in stock.

Diverse Economy - agriculture, light manufacturing.

For our company, it would be the availability of manufacturing employees at cost levels perhaps a little lower than those in Silicon Valley. So far, this has helped enable us to survive and remain competitive against international competitors in our product areas. This includes, for example, many competitors who have complete manufacturing and assembly facilities in Taiwan and/or China. At this time, we still do about half of our parts manufacturing in-house, and almost all of our final assembly - and hope to continue doing so.

Generally good value of majority of city residents.

Geographic location

High educational level.

Living close to work place

Location

Location

Location and Climate

More business friendly atmosphere.

n/a

Pro automotive.

That you mostly leave businesses to go about their own business.

Workforce - Desire of general population to work.

Watsonville's Primary Weakness

Competitors.

Cost of living, real estate prices, unions.

Difficult to get expansion plans approved.

Distance to Interstate Hwy network.

Focus of some on city council on fostering union answers to workplace matters. Newer industries do not want a union. City council should not get involved in union organizational and contract matters. We lost Smuckers because of the union.

High unemployment and very expensive housing costs relative to income.

I do not know. Unfortunately, one possible GUESS is that some "High-Tech, silicon Valley-Type companies" may feel that they MUST locate within silicon Valley (not here) because they may believe that a Santa Cruz or Watsonville business address would not provide the "status symbol" image they believe their business needs for success. Just a guess. No specific ideas for altering this view (in case it has some validity).

Lack of business and professional work environment. Knowledge for entry level applicants.

Lack of economic development plan and strategy. Lack of wisdom at City Council level. Help private sector create additional jobs/give them incentive.

Lack of semi-skilled workers and lack of police presence.

Lack of timely response.

Lack of trained English speaking work force.

Loss of processing facilities

Need more hands on help for businesses. Image is problem - education is problem. Cut the red tape. ID top revenue producers to city and outreach to them to help them expand.

Opposition to business, growth.

Poor public sector support of business

Staff controls the council & planning process. Tries to force beautification on old industrial areas, which are unnecessarily costly & restricts function of businesses.

The city is anti-business. The city council is anti-business.

Watsonville Missing Job Skills

Auto mechanics.

Basic math skills; good working attitude; English deficient.

Class A Drivers

Difficult to recruit mid-level managers.

Electricians & computer controls for PLCs on bottling line.

Employees that can read and write English. Candidates for employment that want to work.

English skills of entry level applicants.

General pool of people trained in auto mechanics and auto sales.

High technology skills relating to computers/networking, accounting, engineering skills.

Lack of English speaking factory workers.

Mechanics (heavy), welders, machinists, skilled labor, plumbers, electricians

None

Not an issue at this point in time.

Nursing, Laboratory Scientists, Radiology Techs, Transcriptionist, Patient Account Reps

Overall education/math skills

English speaking

Math skills, education and English skills.

Watsonville Problems

Cost of housing for entry level positions. Other - safety/crime/vandalism is on the rise.

Cost of housing is making it hard to recruit upper & middle level managers with specific industry experience.

Expensive housing for employees. Many must commute from Santa Cruz area and have much traffic to deal with. Traffic is a county concern more than city. Permits - we don't understand the system and could have used more hands-on help.

Needed more help navigating through the permitting system.

Permits in city, zoning in county both trouble spots. Would like to deal with one person on consistent basis in city.

Permits must become more user-friendly.

Service of permits needs more attention to detail and overall increase of hel provided.

Highway 1 traffic.

No problems.

Utilities-erratic power to building and telephone; Police is not the problem but vandalism is and would like more police presence. Parking is not a problem but would like to have large big rig trucks park on street because of traffic obstruction and creates bad image. Follow-up conversation - difficulty in getting consistent answers/especially in permit area.

Waste water costs are too high. Utility tax cannot increase either.

We could certainly use better security of our property by the police dept. There are laws about having yard sales. The laws should be enforced.

We had several instances of vandalism and damage done to employee vehicles in our parking lot in 2005 - 2006; due to this, in 2006 we put up a fence around the parking lot and we maintain a full-time parking lot guard.

Watsonville Suggested Improvements

Affordable housing for labor base; affordable commercial real estate

Create outreach team to help business expand and generate additional revenue.

Do not know. Possibly: enlarge enterprise Zone. (Note: this was one important factor in our decision to relocate here - from San Jose - 5 years ago.)

Focus on education.

Give us more direct hands on support regarding expansion. System is complex to us.

Incentives for high-tech startups, manufacturing firms, and hospitality corporations (resorts, golf courses, etc.) to relocate to or startup in Watsonville.

Let us do on jobs. No fees for beautification. *No increases in wastewater costs w/ tertiary treatment

Make the city business friendly. The city should realize that businesses generate revenue - which pay for services & provide income.

Not have council members "signed up with unions"

Outreach to businesses/encourage their expansion.

Shop in Watsonville Programs - advertise the "Enterprise Zone" to attract larger businesses.

Support business expansion, reduce approval time.

Support improved educational responsibility and achievement of all students.

Take a leadership role in development of a "Buy in Watsonville" Promotion.

Teach English as a second language and basic work skills. Such as work place safety & other good manufacturing procedures.