

BUSINESS - ELECTRONICS

AT&T may buy Synertek plant

Business A-B

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SANTA CRUZ — American Telephone and Telegraph Co. is moving to buy the recently closed Synertek Inc. computer-chip manufacturing plant on Delaware Avenue, but there is no official word from either company whether the deal is sealed.

"We are filing permits. We are in negotiations. There are no final agreements, and there is no further comment," AT&T spokesman Bob McNally told The Sentinel this morning from his Sunnyvale office.

There will be an announcement about the Synertek plant "in the near future" — possibly within a few days — if an agreement can be reached, said Kathy Tunheim, a spokeswoman for Synertek owners, Honeywell Inc. of Minneapolis.

Local business leaders and city officials see a purchase by AT&T as a bright spot in the economic picture, which darkened in December with the plant shutdown and accompanying layoff of 700 workers.

The closure of the Santa Cruz plant was part of a larger cutback at Synertek operations in Santa Cruz and Santa Clara Counties, resulting in a loss of 1,000 jobs in the two counties.

Analysts tied the decline of Synertek to the plummet of the video-game market, most notably the financial plunge of Atari Inc.

Ever since the plant shutdown there have been rumors that AT&T was going to buy Synertek, but company officials have been mum on the subject.

"We are required not to say anything."

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AT&T-Synertek

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We are waiting to hear ourselves," commented Santa Cruz plant manager, Doug Elder.

However, Santa Cruz Fire Marshal George Lopes said representatives from Synertek and AT&T had visited his office "a few weeks" ago and had discussed regulations about the storage of toxic chemicals at the plant.

Representatives from AT&T were back in his office Monday afternoon, said Lopes.

AT&T representatives have been talking to the staff of the city planning department in recent weeks.

Synertek had also announced in its annual report at the first of the year that the plant would be sold within the near future.

Santa Cruz Chamber of Commerce Manager Lionel Stoloff noted Synertek had sent a letter to stockholders several weeks ago saying there was a potential buyer for the plant.

Stoloff and City Manager Richard Wilson both said a buyout by AT&T would be good news for the city.

"It would be great," commented Wilson.

Said Stoloff: "If in fact the sale does come to fruition, and AT&T does come into SC, I really think it would be beneficial."

Referring to the recent divestiture of AT&T, Stoloff added: "Part of the reason for the breakup of AT&T as we knew it was to allow a company like AT&T to get into the computer field."

Stoloff cautioned the Santa Cruz community has to "adjust its thinking to realize high-technology companies move in cycles.

"Just as we had to adjust our thinking with respect to the seasonal peaks and valleys of the agricultural and tourist industries, we have to adjust our thinking, and accept the fact that, with a company like AT&T, there will be ups and downs.

"But I think there will be more ups than downs."

Synertek had opened its plant near Natural Bridges State Park in 1982 after ongoing disputes and public hearings about protection of the habitat of the Monarach butterfly at the site.

The disputes were finally ironed out, making way for the computer company to share space with the butterflies.