

Cemex plant to shut down for good

Closure 'like a death' for employees; questions remain about property's future

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DAVENPORT — One of the county's oldest businesses and a monumental chapter in the region's economic history closed Friday.

Manufacturing giant Cemex announced that its Santa Cruz County cement plant, opened in 1906 to help build a state hungry for growth and responsible for such construction feats as the Golden Gate Bridge and California Aqueduct, would cease operation.

Cemex officials had closed the plant temporarily last year, citing the weak economy, but only on Friday did they completely sur-

render to it.

"It's a business decision, but it's a tough one," said Cemex spokeswoman Jennifer Borgen. "We've been in this community for over a century. It's a sad day."

The announcement comes just before the release of the Mexico-based company's fourth-quarter earnings report, which analysts expect will show disappointing losses for the international heavy-weight. Borgen didn't tie Friday's

closure to the financial forecast, but acknowledged the company's recent money problems as the driver.

"I don't think it's any secret about the economy and what the industry is going through now," she said.

The Davenport plant, with its tower and stacks defining the North Coast skyline, employed roughly 120 people. Most of those employees had been out of work since the factory suspended operations in March, but many had not expected the closure to become permanent.

"The news was a bombshell," said Manuel Rodriguez, who



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SEE CEMEX ON A15 The Cemex cement plant in Davenport will not reopen.



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Davenport's largest employer, Cemex, is no more.

CEMEX

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worked for 10 years at the plant, where he drove a water truck. "I'm wondering what the hell I'm going to do now. I've got a mortgage to pay. I'm 50 years old, going on 51, and there's no jobs out there."

Rodriguez, like most plant employees, learned of the closure through a letter that was mailed to his Watsonville home Friday.

"It's like a death. We're feeling it," said Eric Karo, an electrician who had worked at the plant for three years.

Cemex officials met with county officials Friday morning to deliver the news.

"I'm not surprised by it (but) it's too bad," said county Supervisor Neal Coonerty, who represents Davenport. "It's a closing of a 100-year history on the

North Coast."

In addition to being one of the area's largest employers, Cemex is the biggest contributor to the county's property tax roll. The tax money will still come in as long as Cemex owns the land, but the water and sewage services the company provides for the community of Davenport will have to be worked out through other means, county officials said.

The company also gave generously to community groups.

Cemex officials said Friday they haven't figured out what they'll do with the property. In addition to the cement plant, the company owns nearby quarries and timberlands, totaling nearly 10,000 acres.

By law, once the business ceases, Cemex must remove hazardous materials from the property and return its mines to their natural state, which company officials said Friday they would

begin to do.

Beyond the weak demand for cement, company officials had been wrestling with a number of challenges locally.

For years, Cemex had been trying to expand its mining of limestone, which provided the raw materials for the Davenport plant, but environmental issues had held up the bid. County officials said the company withdrew that proposal Friday.

In 2008, cancer-causing chromium 6 was discovered in the air around the plant, which promoted a temporary shutdown of the facility and a big cleanup bill of \$488,232, for which Cemex never reimbursed the county.

The plant also faced pending federal regulations that would have been costly to meet. According to the Environmental Protection Agency, the plant was one of the nation's largest mercury-polluting cement plants and was a major emitter

of carbon dioxide, a greenhouse gas.

Borgen said the environmental regulations and permitting constraints, as well as the cost of the plant's unionized work force, played a role in the decision to close.

The Davenport facility was the most expensive of Cemex's 14 plants in the United States to operate, Borgen said.

Cemex took over the plant in 2005, when it acquired British cement producer RMC Group and its worldwide properties.

During the past decade, Cemex also bought U.S. cement producer Southdown Inc. and Australian-based Rinker Materials, an expansion many analysts say was too ambitious given the downturn in construction.

A recent Reuters poll suggests the company will report next week a loss of \$519 million for the October-to-December period last year, its second quarterly loss in two years.