

SANTA CRUZ BUS-5 Y

Seagate subsidiary will occupy Watsonville building

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WATSONVILLE — A 200,000-square-foot behemoth that Seagate Technologies built on Airport Boulevard in 1983 will come to life soon.

Seagate Magnetics, a subsidiary of Seagate Technologies of Scotts Valley, will expand to the vacant building by spring to begin manufacturing a "thin film" product used in Seagate's computer disk drives, said Susan Heinlein, public relations manager at Seagate. Heinlein

The operation is labor-intensive, and the majority of jobs will be in production, according to Heinlein.

City officials say they are cautiously optimistic about the announcement because the Seagate building — the largest industrial building in Watsonville — has never been occupied. But they said environmental impact reports may be needed before Seagate moves in.

"Until they submit their papers, I can't tell what their plans are," said City Manager John Radin. "But they'll probably need an EIR."

Radin said he didn't yet know

kind of hazardous materials might be used at the facility, but that Seagate would have to comply by local laws.

Besides renovating the vacant building, Seagate may complete a cafeteria for which the foundation is poured, and build another facility at Airport Boulevard, according to Radin and Mayor Betty Murphy.

Murphy said two Seagate officials met with city officials last week to discuss their plans and mentioned

that the plant may hire as many as 3,000 employees in the next 2½ years. "We all fell under the table when they said 3,000 workers," Murphy said.

Radin quoted Seagate officials as saying they'd be adding 100 employees a month for two or more years and were talking about using 1,000 employees for three shifts when running at full capacity.

But Heinlein said that figure is off-base. "I don't think anyone at Sea-

gate would be saying that," she said.

A formal press release is expected today which Heinlein said will explain the company's plans.

The announcement by Seagate came as a surprise to city officials who thought Watkins-Johnson Co. of Scotts Valley was going to move into the building in June.

Watkins-Johnson had a lease with an option to buy the building from November 1986 until the end of September, said Ron Lessack, a vice

president. But through a "mutual agreement," the company decided to drop their lease.

"Right now we felt we didn't need that large a building, so we'll be looking for a slightly smaller building, probably closer to Scotts Valley," he said.

Seagate's fortunes have risen and fallen with the volatile high-tech industry. Formed in 1979 as a manufacturer of 5¼-inch disk drives, Seagate expanded to Singapore in 1983,

the same year it built the Watsonville facility.

But before the Watsonville facility opened, Seagate's sales dropped off and the plans to move to Watsonville were abandoned.

In the last financial quarter, Seagate's revenues rose 77 percent, to \$250 million.

Seagate Magnetics, a subsidiary of Seagate Technologies, is located in Fremont and Heinlein said the main plant is staying there.