

Salz Leathers Folds Up Shop: Landmark Business to Close this Year

By Heather Boerner

One of the county's oldest businesses, 145-year-old Salz Leathers, will close by the end of the year.

The landmark business along the San Lorenzo River just north of Highway 1 has been family owned since it was the Kullman-Salz Tannery in 1917. It is the seventh-largest company in the city.

But over the past 10 years, Salz has lost roughly \$10 million as the leather industry moved more production to Asia, where labor is cheaper and environmental laws less stringent, said Norman Lezin, chairman of the company's board of directors.

The company's 111 employees learned of the closing at 1:30 p.m. Friday at a meeting that included all line workers and executives. All employees were given the rest of the day off to digest the news.

Geoff Eisenberg, Salz's chief executive officer and a principal of West Marine, said employees left shocked.

"Everyone knew things were challenging, but it was still a total shock," Eisenberg said. "But the way everyone took it was incredible. They listened very carefully. They asked really good questions. There didn't seem to be any anger there."

Lezin said layoffs will be introduced incrementally as the company runs out of stock, and probably be complete in three months. Employees will receive a month's pay and benefits, and will receive some retraining and job-finding help.

Many employees have been at the company for more than 30 years, and the average hourly pay is \$17 an hour -- a high wage for the predominantly service-oriented jobs in Santa Cruz County and for the leather industry, which pays its employees in China less than \$1 an hour.

Though the company is not a "significant" provider of tax revenue to the city, City Manager Dick Wilson said the closing will be felt in the job market.

"It's clearly a blow," he said. "It's one of the most employee-oriented companies in town. It offered excellent jobs, and people aren't going to be able to replace those jobs with similar ones here. It's an example of a good Old Economy-type company. It's a terrible loss."

It's also a terrible loss for the history of the county, which at one time had dozens of tanneries peppering its landscape. Everyone from historian Ross Gibson to the Chamber of Commerce's Greg Carter to Santa Cruz Mayor Tim Fitzmaurice said the tannery's closing is a symbolic loss for the area.

"The tragedy of the closing of Salz is that it's such a strong part of the history of the city of Santa Cruz," said Santa Cruz Redevelopment Director Ceil Cirillo, who added that the tannery didn't seek help from her agency to stay afloat. "It's a major loss to the historical economy of Santa Cruz."

The Salz announcement is the latest in a string of high-profile closings in Santa Cruz this year. In the spring, the Holiday Inn, which generates almost \$500,000 a year in taxes to the city, announced it would become a UC Santa Cruz dorm. And Texas Instruments, which brings the city \$2 million in taxes and fees annually, announced it would be shutting its Westside computer-chip plant.

Salz originally opened as the San Lorenzo Tannery along River Street in 1856. It changed hands several times, and was taken over by the Salz family in 1917. Lezin married Margaret Salz in 1948 and worked his way up from apprentice to chairman of the board. Now his sons Matt and Jeremy operate the company.

The company tanned leathers and even created its own kind of leather, California Saddle Leather, at the turn of the century. At different points, the company made leather for the upscale Coach leather company, the Doc Martens shoe company, and a satchel for President Harry S. Truman.

In the 1950s, the company was one of only a few that would hire black war veterans who settled in the area after World War II, said local historian Geoffrey Dunn.

At its largest, the company employed 300 people.

But Salz stopped being a tannery about 15 years ago. Lezin said strict environmental rules made tanning prohibitive.

Though he'd known the Lezins personally for years, Eisenberg became professionally involved with the tannery in 1995, when he became the first non-family member brought in to streamline the company.

He said managing the leather business became easier, but that wasn't enough to stem the exodus of business to other countries.

Lezin agreed.

"I should have closed it 10 years ago," when it became clear that globalization was changing how leather work was being done, he said.

Over the years, domestic production of leather shoes, for instance, has plummeted from 147 million pairs in 1995 to 60 million pairs last year.

As with everything else in the company, the decision to close was a family one, said Lezin, a former Santa Cruz mayor.

"It's a decision my family and I put off for a long while at the cost of a lot of money," said Lezin, who has worked for Salz for 53 years. "But the shoe business has just disappeared. [What we're doing is] like selling a few truffles in a deli. It's not going to keep us afloat."

Sources

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