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Local economy dealt a blow by Synertek

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By JOAN RAYMOND

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SANTA CRUZ — The layoff of 700 high-tech workers at Synertek Inc. semiconductor manufacturing company sent shivers up the spine of the local economy Tuesday.

The shutdown of Synertek's silicon chip-making operation on Delaware Avenue means the Santa Cruz County unemployment rate will leap by at least 2.6 percent.

Indications are the prospects are bleak for the laid off workers to find new jobs during the holiday season.

Santa Cruz Employment Development Department Director Tad Kimoto estimated the lost jobs will push the unemployment rate to 9.3 percent, compared to October's rate of 6.7 percent.

Latest figures available show 7,200 persons were out of work in October from a county workforce of 106,300. The numbers of jobless will climb to at least 7,900, without taking into account lost jobs from November and those from the domino effect of the Synertek downfall.

Laid-off Synertek workers have already started to file into the unemployment office.

"It looks dismal for them. There are no high-tech jobs out there that we know of," said Kimoto.

Analysts tied the decline of Synertek, a subsidiary of Honeywell, Inc. of Minneapolis, Minn., to last year's plummet of the video game market, most notably the financial plunge of Atari Inc.

Synertek was a major supplier for Atari Inc., and Synertek revenues were largely based on the sale of "ROM" (read only memory) computer chips, the heart of a video game cartridge.

When the video game market chilled last year, Synertek tried to penetrate the custom-design chip market, but the move came too late.

There was an attempt to make new products for the industrial-military marketplace, but without success.

An employee at the Santa Cruz plant said the company had been setting up an assembly work station for military contract work.

Honeywell announced Monday the layoff of 1,000 of 1,200 workers at Synertek's Santa Cruz and Santa Clara plants.

The depressing holiday news about layoffs was officially given to workers by management during meetings Monday.

No Santa Cruz managers were available for comment. Instead, they referred inquiries to the Santa Clara plant, which in turn referred questions to Honeywell's corporate offices in Minneapolis.

Analysts estimated losses at Synertek to be more than \$40 million a year for the past two years on sales of less than \$100 million annually.

Synertek opened its Santa Cruz plant near Natural Bridges State Park in 1982 after disputes over protection of the habitat of the Monarch butterfly.

Honeywell said there are discussions with undisclosed companies about the sale of the company, but no sale is in progress. Without a sale, the plants will be shut within a few weeks, said corporate public

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relations director Kathy Tunheim.

Tunheim said most workers would leave their jobs by the end of this week, but a few — perhaps 100 in Santa Cruz — would stay for a few weeks to close down production and finish off work in progress.

Security guards were stationed at the Synertek parking lot Monday, as the downhearted jobless filtered from their former workplace.

The layoffs at Synertek follow on the heels of other major layoffs in the past two years at other new high-technology companies. There have been recent major layoffs at two Scotts Valley firms, Seagate Technology and Victor Technologies.

Spokesmen at Victor and Seagate said today there are a few openings at their companies today, but no major hirings.

The chances for the laid-off workers to find another job at this time "will be tough," commented Seagate executive Al Shugart.

Shugart said December is generally a low time for hiring in the high-technology marketplace. He said some jobs may open in January.

A Victor spokesman said job opportunities may pick up there in February.

Watsonville Mayor Ann Soldo said there are is "nothing" available in her city in the way of high-technology jobs.

She said the jobs market in Watsonville is low at this time of year, because of low production at food processing plants.

Also, noted Soldo, a large industrial park complex built by Seagate — which never has been occupied — is standing vacant.

She said Realtors are trying to get a buyer interested in the buildings.

Santa Cruz City Finance Director Robert Shepherd estimated the loss of annual revenues from the Synertek shutdown to be \$25,000, mainly due to loss of utility taxes and business license fees.

Honeywell reported it would do what it can to find jobs or make transfers for laid-off Synertek workers to other Honeywell plants.

But, with the pending shutdown of the



Bill Lovejoy/Sentinel

Jack and Tanya Marvin, and their son Robert, leave Synertek with co-worker Tammy Garcia.

Santa Clara plant, there is no Honeywell operation within driving distance for Santa Cruz workers to transfer to.

Tunheim said Honeywell has other oper-

ations in Los Angeles, San Diego, Washington, Arizona and Colorado in its western region.

Kimpta said the unemployment office is

handing out forms for the jobless to fill, and would schedule times on Thursday to handle former Synertek workers.