

Synertek closes

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REFERENCE

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700 Santa Cruz workers laid off

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SANTA CRUZ — The county and 700 local workers and their families received a major economic blow this morning with the sudden closing of Synertek Inc.

This morning, workers arriving for another day at the job of manufacturing semiconductors for the high-tech world were met with bright green posters telling them to attend a meeting in the cafeteria at 10 o'clock.

At the meeting, they were laid off.

Many left in tears, joining the ranks of victims of the volatile high-tech industry and its icarian rises to success and plummeting failures.

The Synertek plant in Santa Cruz was part of the conglomerate ownership of Honeywell Inc. in Minneapolis, Minn.

Company officials announced today that large losses forced the operational shut-downs. The Santa Cruz plant will be sold, they said. There are no buyers, as yet.

Management personnel at the local plant said company losses had reached \$40 million a year, due in part to problems with manufacturing materials.

A Honeywell spokesman in Minneapolis this morning would not confirm the losses. A press statement announcing the closure said that the losses were caused by a "weakening demand in the merchant semiconductor market and additional costs that would be required to accomplish a turnaround."

Synertek's Santa Cruz and Santa Clara plants are being shut down with a total layoff of approximately 1,000 workers.

About 200 workers at both plants are still working until the sale is made.

Honeywell is also laying off "a substantial number" of its 500 employees in Singapore.

There will be no layoffs at the Synertek facility in Bangkok, Thailand, and its design center in Munich, West Germany.

Local political and business leaders reacted with shock.

"This is terrible; nothing this bad in business has ever happened to Santa Cruz, even the closing of Sylvania (in 1970)," lamented Santa Cruz Chamber of Com-

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Synertek

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merce Manager Lionel Stoloff this morning.

The Sylvania closure affected approximately 300 workers.

He said that when he called Synertek Friday to find out how many workers it employed to update chamber records, company officials said nothing about closing the plant.

Mayor Mardi Wormhoudt said, "It's a grave shock. My sympathy goes out to the workers and the thousands of people — their spouses, kids, parents and others — who are affected by this."

She said it shows how shaky the market is in semiconductors and "that should make people stop and think about that business."

City Manager Dick Wilson said, "This is a real shock. It's going to have a big impact on the payroll dollar and several other economic activities in the city." Wilson referred to the subsidiary businesses that do business with a major enterprise such as Synertek.

Honeywell said its laid-off workers will get separation pay through Dec. 31 and "long-service employees will be paid ad-

ditional benefits based on years of service."

Employees also will get an extension of medical benefits and the company will try to help them find jobs.

Several employees said this morning that they felt the company's severance package was generous.

Honeywell Executive Vice President H.D. Elverum said that several alternatives to closing the plant had been investigated, but that all included continued losses and unacceptable investment levels.

Elverum described the company's decision as "terribly difficult, but necessary."

When Synertek was considering Santa Cruz as a home for one of its facilities in the late 1970s, business and community leaders welcomed it with open arms.

It was seen as a boost to the local economy which was suffering a particularly high unemployment rate. That rate took a large jump this morning.

Sentinel Staff Writers Jamie Marks and Laurie Slothower also contributed to this report.