

# Electronics Firms Say Grass Greener On This Side Of Hill

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Electronics wizards from the Santa Clara Valley — frustrated by overcrowded freeways and by the lack of affordable housing there for workers — are looking toward Scotts Valley as a haven for new electronics firms.

Two men who helped establish successful electronics firms in the Santa Clara Valley already have concrete plans for new firms in Scotts Valley.

They are Dan Floyd, formerly of Syntertek Corp. in Santa Clara, and Al Shugart, formerly of Shugart Associates in Sunnyvale.

Their new firms will be housed in a research-industrial park that's scheduled to be built next year alongside Highway 17 by developer Marion Stekoll.

Shugart, in fact, already has begun operations in one of Stekoll's existing research-industrial parks in Scotts Valley and plans to move into bigger facilities next year.

Seeing the potential of Scotts Valley becoming a center for clean industry, Stekoll has completed one research-industrial park and has plans for three more in the Scotts Valley area.

When all of Stekoll's parks are in operation, they will offer a total of 815,000 square feet of industrial buildings.

Sitting in his comfortable office in his first research-industrial park along Highway 17, known as Carbonero Creek Research Park, Stekoll explained his interest in this kind of development.

"The problem they're having in the Santa Clara Valley is with housing. Housing over there is expensive and these firms are needing to expand.

"There's already 5,000 electronics



Al Shugart

"One result of this imbalance was to throw an enormous burden onto the area's firms over there. They want to hire people, but there's no place for employees to live. They can't afford \$100,000 to \$150,000 homes."

Business Week magazine outlined this very problem in an article printed in March entitled, "Why Success is Choking Silicon Valley."

Silicon Valley is a popular nickname for the Santa Clara Valley since so many computer firms are located there.

"While industry has been adding 40,000

to 50,000 jobs annually for the last three years in Santa Clara County, the supply of housing has been growing at only about 12,000 units per year.

"Housing prices have shot up as a result, and workers are now commuting an average of 16 miles in each direction to find affordable housing," Business Week reported, getting its information from the research firm of SRI International.

highway system," Business Week added. "... By 1990, according to one regional study, traffic will grow by 40 percent and there will be only a 10 percent increase in

road capacity to handle it."

For these reasons and more, Floyd and Shugart have brought their computer-age expertise to Scotts Valley. Shugart plans to manufacture a memory for small computers at his firm, Shugart Technology, and Floyd plans to design integrated circuits for computers at his firm, VLSI Technology, Inc.

Also, the firm that Floyd helped found, Syntertek Corp., is building a \$50 million semiconductor manufacturing plant in Santa Cruz that's to be completed in the summer of 1981.

And Stekoll says that many inquiries from electronics firms interested in locating in Scotts Valley have been received by Cowell Banker, the San Jose real estate firm handling the leasing of industrial space for Stekoll Development Corp.

"We're telling Cowell Banker not to bring us interested leasees until we were ready for them," Stekoll said.

Whereas it appears many electronics firms are intein locating in Scotts Valley and the surrounding area, Floyd warned that the county must be careful not to suffer the same fate of the Silicon Valley.

"One thing that I see here is a potential problem with the availability of lower income housing," Floyd said.

"There's a real shortage over here of housing for people who are making under a \$10,000 or \$12,000 a year income.

"We are going to need a lot of these kinds of people. If the housing doesn't exist, it's going to restrict the growth of industry here."

But this problem of housing might not be all that great since, according to Stekoll, it's believed that 10,000 people who already live in this county commute to work in the Santa Clara Valley each day.

SANTA CRUZ SENTINEL  
July 20, 1980

REFERENCE

INDUSTRIES - Electronic

Both Shugart and Floyd hope to draw upon this already-available work force to fill their employment needs.

Both men plan to locate their firms in Stekoll's second research-industrial park which will be known as Creekside Park. It will be opening within 12-18 months on the west side of Highway 17 at the end of Bob Jones Lane.

Creekside will consist of five buildings totalling 145,000 square feet. Shugart will occupy half of the complex as an addition to the 4,000 square feet of office space his firm currently occupies at Stekoll's existing Carbonero Creek Research Park. Floyd's enterprise will take up the other half of Creekside Park.

Floyd said he hopes to employ between 300 and 400 people after the first five years of operation.

While half of his employees will be unskilled or semi-skilled laborers, Floyd said the other half will be highly trained people with master's or doctorate degrees.

Asked why he decided to locate in Scotts Valley, Floyd explained that many companies in the Silicon Valley are moving due to the lack of space to expand and the housing crunch.

"The kind of thing we're going to do takes employees with a high level engineering content and most of the engineering people in the Santa Clara Valley like this area. They don't want to move with their plant to the desert or someplace else.

"We just look at this area as a super-alternative to anything else that's available."

Shugart is well-known in the computer industry for helping to develop the floppy disc file when he was part of Shugart and Associates in 1973. This floppy disc is actually a removable memory for computers.

Now out of that business, he is attempting another pioneering effort with his new firm in Scotts Valley. He and five other co-founders have developed a 6-megabyte-capacity, 5¼-inch Winchester disk drive.

Translated, that means a permanently installed memory system that can work in small computers which now use two of the removable 5¼-inch floppy disk drives.

One of the advantages of this new



Dan Floyd

invention in the computer world is that it has 15 times the memory capacity of the 5¼-inch floppy, but only costs three times as much.

Shugart plans to have 50 people under his employment by the end of this year and 150 to 200 employees by the end of 1981. He said most of his employees will have to have some sort of assembly-type experience.

Developer Stekoll envisions many other companies like the ones Floyd and Shugart are starting to occupy the other two research-industrial parks he has planned for the near future.

One, which will be known as Sequoia Research Park, will contain five buildings totalling 250,000 square feet and will be located on the east side of Highway 17 in Scotts Valley.

The other, which will be called Plum Valley Research Park, will be located on 25 acres of an old quarry site just past Lockhart Gulch Road between Scotts Valley and Felton. It will contain six buildings totalling 300,000 square feet and will be completed in two or three year.