

Watkins-Johnson ready to sign Seagate lease

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Watkins-Johnson has moved closer to installing its industrial furnace manufacturing operation in the long-vacant 200,000-square-foot Seagate building near the airport. A letter of intent has been drafted by both Seagate and Watkins-Johnson that lists financial and general terms of a proposed 10-year lease.

Ed Beckmeyer, spokesman for Watkins-Johnson, said the lease has been written and is being reviewed by both parties.

"Hopefully," he said this morning in a telephone interview from his Palo Alto office, "It's being finalized."

He said the lease should be signed by the end of the month, ending about six months of negotiations.

At one time, Watkins-Johnson planned to purchase the building, and the sale went as far as escrow. Soon after, Watkins-Johnson decided not to proceed with the transaction. Company spokesmen don't elaborate on reasons for backing out.

With the current proposed lease, Beckmeyer said, Watkins-Johnson can exercise a number of options to buy the building within the first five years.

Local jobs will be part of the Watkins-Johnson Watsonville future, Beckmeyer added. He said it's too early to tell when the company will start hiring, and there is no estimate on the number of jobs.

"Certainly, there will be local jobs," Beckmeyer said. "But it's too early — we have to get the lease signed first."

In an interview last month, Steve Witmer, spokesman for

Watkins-Johnson, said he guessed production in the Watsonville plant will begin next year.

The furnaces, which are planned for Watsonville manufacturers, are now made in the firm's Scotts Valley plant. It's anticipated many of those employees will move to the Watsonville site.

Watkins-Johnson operates in eight buildings in Scotts Valley that occupy a combined space of about 170,000 feet.

"We're very cramped for space (in Scotts Valley)," Beckmeyer said.

John Cronin, president of Watsonville Chamber of Commerce, said he doesn't think there will be many new jobs right away, but he is hopeful that once established, the Fortune 1000 company will hire locally.

What's important, Cronin said, is the 200,000-square-foot building — at this point just a shell — will finally be used.

Seagate built the structure in 1983 and planned to hire 1,000 employees within a few years. Soon after, the company had financial problems and, instead, had to lay off workers at its plant in Scotts Valley.

The company began sending work overseas because it was cheaper than paying wages here and decided not to use the Watsonville building. It has remained vacant since.

"I'm happy to see the building occupied — period," Cronin said. "Watkins-Johnson will be good tenants, I think."

Cronin said he would like to see a variety of light industry firms operate in the airport area.