

Fontana company maintains a no-layoffs pledge in unique way



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California Steel Industries in Fontana established a policy 25 years ago calling for the company, when possible, to avoid laying off workers during tough times.

Such times are back.

Global demand for the company's rolled-steel products, used mostly in the construction industry, has dropped dramatically in recent months, as much as 40 percent from the peak of the U.S. housing boom two years ago.

But California Steel apparently has found a way to maintain its no-layoff practice that dates back to the company's start in 1983: All of the company's nearly 900 workers remain on California Steel's payroll, but since late April many have been spending workdays on projects at nonprofit sites around the Inland area, including a women's shelter, an animal rehabilitation center and the San Bernardino National Forest.

"We don't want to lose these people," said Kyle Schulty, California Steel's communications manager. "When this economy recovers, we want to be able to put them to work right away. These are very skilled workers."

Employees will be shifted back to the manufacturing lines as demand picks up. In the meantime, at any given time 75 to 80 employees are either doing work once done by contractors at the Fontana plant -- such as landscaping, repair and janitorial duties -- or helping nonprofit groups out in the community.



California Steel Industries operations technicians Ruben Gonzalez, left, and Rudy Victorino clean up an abandoned homeless camp in the San Bernardino National Forest. The company is paying them to work for nonprofit groups.

Those resource-strapped organizations are getting projects done that they otherwise would have waited months or years to complete.

"And the workers take these projects very seriously, like they're working on projects in their own homes -- they just get it done," Schulty said.

Since mid-May at Lytle Creek Canyon in the San Bernardino National Forest, about 30 California Steel workers have been clearing rock dams left in streams by park visitors, as well as cleaning up trash and graffiti, removing and replacing picnic tables, clearing weeds and removing other dry growth that might pose a fire hazard.

"So there's also a safety element to what the workers are doing for us," said Pam Bierce, spokeswoman for the U.S. Forest Service.

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Over the years, limited funding and more visits by hikers and campers have left the Forest Service scrambling to keep up with regular maintenance.

"These are the kinds of projects that are always on our list but sometimes get pushed back because of other priorities," Bierce said. "To have that kind of manpower working for us has just been awesome."

At Pacific Lifeline, a short-term shelter in Upland for homeless women and their children, four California Steel workers have taken on long-overdue tasks such as renovating a bathroom, building a parking lot, fixing an ailing sprinkler system and doing extensive tree trimming and landscaping.

Executive Director Carmen Hall said the economy not only has raised demand for the shelter's services, but also severely constrained the public donations on which the shelter and its eight part-time staff rely to carry out their work. "What an incredible help they've been -- they are a godsend," Hall said of the California Steel workers. "This help is invaluable; it's priceless."

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The steel workers also have been busy at Wildhaven Ranch, an animal rescue and rehabilitation center in Cedar Glen, a mountain community still recovering from wildfire damage.

The workers have taken on carpentry and mechanical projects, and reduced fire damage on the 35-acre compound by whacking weeds and trimming damaged brush. They also helped finish Bear Creek Habitat, a new 7,000-square-foot enclosure for Wildhaven's three black bears, Misha, Snickers and Little Bear.

"Our California Steel volunteers have been incredibly helpful, efficient and enthusiastic with skills from their industry that we could not normally afford," said Diane Dragotto Williams, executive director of Wildhaven Ranch.

The nonprofit representatives said they've had help in the past from Inland companies, but not to the degree offered in recent weeks by California Steel Industries.

For instance, workers from companies such as Timberland, REI and Toyota have given their time for local Forest Service projects. "We've had other cases where companies have volunteers who do work for us, but never something with a process as extensive as this," Bierce said of the California Steel program.

Brett Guge, vice president of administration for California Steel Industries, said the community program reflects priorities shared by the company's co-owners, JFE Steel Corp. of Japan and Companhia Vale do Rio Doce of Brazil, toward keeping well-trained workers in the fold.

While sales and earnings have recently taken a hit, Guge said the company has strong cash reserves, thanks to several years of global growth in demand for its steel goods, and should be able to avoid or at least delay

layoffs for the foreseeable future. "We're in a pretty good financial position for now," Guge said.

Redlands-based economist John Husing said the steelmaker's worker-retention initiative is especially remarkable considering the crushing blow that construction's slowdown has dealt to local employment.

The overall Inland unemployment rate for May was 13 percent, which Husing said is the highest since the Great Depression, and construction saw the biggest employment drop of all sectors compared with a year ago: down 22,600 jobs.

While California Steel caters to a global rather than strictly local market, Husing said companies that depend on construction for their customer base will be hard-pressed to keep workers on board in ways that the steelmaker is doing.

Robert Ashcraft, executive director of the Lodestar Center for Philanthropy and Nonprofit Innovation at Arizona State University, said he did not know of other initiatives involving front-line workers on the level of California Steel's. He added the program appears to be a "very innovative" way for companies to retain experienced workers with specialized skills in a tough economy, while helping the community and lowering costs for retraining new workers later.

"California Steel could well be on to a trend that other companies might decide to look into," Ashcraft said. "Society is going to benefit considerably if they do."

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