



## Expected Layoffs at Sparrows Point Hang Over Workers

*Employees, hoping for a new owner, wait for word about when the 1,975 job cuts will come*

By Jamie Smith Hopkins

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They know massive layoffs loom, but Sparrows Point steelworkers who gathered at Micky's Bar after work Monday -- the expected start of cuts -- hadn't been told if or when they'd be out of a job. State and local officials trying to ramp up efforts to help them were similarly in the dark.

Cash-strapped Sparrows Point owner RG Steel LLC wouldn't even confirm Monday whether its 1,975-job reduction had begun as planned, saying only that the cuts would be spread over the course of weeks.

The company filed for Chapter 11 bankruptcy-law protection last week after warning state regulators that it would lay off most of its workforce.

"Producing units will wind down as we complete processing current customer orders," Elizabeth "Bette" Kovach, an RG Steel spokeswoman, said in an email. "This process will result in some units operating for several more weeks, and it will take a few more weeks thereafter to ship the product to our customers. The timing of layoffs will vary by department and depend on a number of factors."

For workers, it's yet another in a long line of unsettling uncertainties. The mill has had a revolving door of owners since Bethlehem Steel filed for bankruptcy protection in 2001, and layoffs to match -- temporary and otherwise.

RG Steel bought the mill last year from Severstal, which had laid off most of the employees in 2010 and idled the plant for months.

Now RG Steel says it has run out of cash and owes more than \$1 billion. It must sell Sparrows Point and other assets by July 27, a deadline approved Friday by a U.S. Bankruptcy Court judge.

That's the big question on workers' minds -- whether the Baltimore County mill will find a new owner and get back to business. A consultant who analyzes the steel industry, **Michael Locker with New York-based Locker Associates Inc.**, thinks the plant has a good chance, despite the upheaval of the last several years. Potential buyers are circling, he said.

But for workers, layoffs are the immediate issue.

"Everybody's just in limbo," said Tyrone Sharpe, 56, who has worked at Sparrows Point for 38 years and doesn't want to retire yet. He thinks some workers' skills will easily transfer to jobs outside the steel industry -- those in maintenance, for instance -- while others will be in a tougher spot if the mill closes permanently.

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Sharpe and other longtime Sparrows Point workers stopped at Micky's just up the road after work Monday, shaking their heads over the question mark that is their future.

Randolph Williams, a service technician at Sparrows Point, said he's been told nothing officially about when the pink slips will come. Supervisors thought the furnace would shut down Wednesday, with workers laid off Friday, he said, but they too were guessing.

"Morale is very low now," said Williams, 64, who has worked at Sparrows Point for 44 years.

If the union has more details about the layoffs, it's not saying. Joe Rosel, president of United Steelworkers Local 9477, which represents Sparrows Point hourly workers, did not return calls seeking comment.

Paulette Francois, the state's assistant secretary of workforce development and adult learning, said employers making sizable cuts are usually able to give specific information -- how many layoffs on which days.

The state and county want to launch a rapid-response effort when the big cuts hit Sparrows Point, with government officials on site to help workers apply for unemployment benefits and start the job hunt. But so far, they don't know when that will be.

"It would be nice to know so we could really be more responsive to the employees," Francois said.

**Locker** puts the steel mill's chances of finding a buyer at about 80 percent.

"There's a lot of discouragement and cynicism that evolves, with good reason, after all the ups and downs this mill has gone through, but that doesn't mean its prospects are doomed," he said. "It's an attractive mill that if... operated properly could be very successful."

RG Steel ended up in bankruptcy because it didn't run the mill properly, **Locker said**.

"They didn't go into this with a sufficient understanding and resources to meet the challenge, and they failed," he said.

RG Steel, for its part, blames its predecessor. It alleged in a court filing in its bankruptcy case that Severstal failed to provide \$82.5 million of the working capital it had promised. A New York federal judge ordered that dispute into arbitration in May.

**Locker said** he hears that more than one potential buyer is "actively looking" at Sparrows Point with an eye to bidding on it. But any buyer will have to woo the mill's customers back, he said.

"They haven't had any stability and reliability and predictability in terms of product," he said. "No. 1 concern for a manufacturer is delivery."

Edward Fangman, chief of the division of workforce development in the Baltimore County Department of Economic Development, suspects workers will wait to see whether a buyer comes through before jumping into the job search. But he hopes they don't wait.

"It puts you so far behind the curve," he said. "And we need, obviously, to get these folks as much help as we can, as soon as we can."

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