Cozad shock-absorber manufacturer to close at end of 2010.

Tenneco Inc. made The Wall Street Journal Tuesday.

But the news wasn't good.

Employees at Tenneco's Cozad-based plant learned Tuesday morning at 6:30 that the long-time manufacturer of shock absorbers would close, according to plant manager Chief Davidson.

"The company has too much unused manufacturing capacity for its ride control products in the United States—particularly since the onset of the industry crisis last year," Davidson said. "While difficult, Tenneco must adjust operations to match what the market demands to stay competitive."

Closing the company's equipment ride-control plant in Cozad—which employes 500 workers—will reverberate throughout Dawson County.

More than $15 million in wages will be lost when the plant shuts its doors for good at the end of 2010, said Gothenburg Improvement Company president Mike Bacon.

That's because Tenneco Automotive Monroe in Cozad employs 460 hourly and 40 salaried workers at the plant.

With hourly workers making about $32,000 and salaried employees earning an estimated $69,000, Bacon said the decision will have a huge economic impact—in Cozad especially.

“But it will be felt in Gothenburg and Lexington,” Bacon said. “And these are core jobs where the money is not sent out of state or out of the country.”

In addition, loss of retail sales and downward pressure on the housing markets is inevitable, he said.

“It’s not going to be pretty.”

Davidson described the news as disheartening.

“It’s a very sad day for Tenneco in Cozad and for Dawson County. We all hoped Cozad would be spared,” he said. “Unfortunately in the end, it came down to proximity to customers, logistics costs and the fact that other Tenneco plants in the United States have enough room to accommodate the production from a closed plant.”

Davidson said the Cozad plant doesn’t have space for new equipment while other plants—in Hartwell, GA, Paragould, AK, and Celaya, Mexico—have unused floor capacity.

Tenneco expects to start transferring business to other ride control operations later this year.

Davidson said they plan to begin laying off employees at the end of 2009.

However the company will do what it can to help employees transition to new jobs in terms of continued health care coverage based on seniority and assistance in finding new jobs, he said.

“We have one of the top-notch work forces in the country and we want to match and retain that knowledge,” Davidson explained.

In addition to trying to work Cozad employees into other Tenneco plants and offering relocation assistance, he said officials will be open to on-site interviews for other prospective employers.

“We’ll also reach out to local, state and federal governments for assistance such as retraining to help people through the transition,” Davidson said.

Because 2010 is months away, Davidson said different circumstances in the global economy could happen and things could change “that we wouldn’t know about today.”

“Now our focus is on our employees and how to help them through a difficult time,” he said.

The Cozad plant opened in 1961 and manufactures shock absorbers for light-duty trucks, sports utility vehicles and commercial specialty applications.

Tenneco estimates the closing will generate $8 million in annualized cost savings with a cost of $20 million related to the closing.

Tenneco had planned to close one of its original equipment ride control plants in the United States in October of 2008 but postponed the action to preserve cash during the height of the global crisis, according to Tenneco CEO Gregg Sherrill.

Dawson County officials leaped into action to save the Cozad plant which involved a trip to company headquarters in Lake Forest, IL, and the offering of an incentive package which Tenneco didn’t accept.

Gothenburg Mayor Joyce Hudson said Tuesday's news was devastating but "we will survive and pick up the pieces."

"We're a strong town and county and everyone will do what they can to get people back into the workforce," Hudson said. "Hopefully not a lot of people will have to leave the county."

Bacon said GIC will do whatever it can to help displaced workers.

"These are good workers," he said. "Per output, per employee, Cozad has the hardest-working group in the system."

He added that GIC will work with Dawson Area Development and the City of Cozad to help find replacement employers.

"We'll do whatever we can to fill that void," Bacon said.

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