



Photo by Roger William Theise

TODAY: Cortland County

TODAY: Cortland County is the Business Development Corporation's newsletter promoting industry and business growth in Cortland County.

January/February 2017
Volume 3 Issue 1

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It's March Madness time and while we're not officially out of winter's grip it won't be long until the gray winter landscape gives way to the warm colors of spring.

We love winter here—it's good for the economy and it's part of who we are—but one of the beauties of a four-season climate is the transition from one of them to the next. Spring is especially welcome!

In this issue we share some news of the day including details of a \$500,000 grant for downtown Cortland and a new round of funding for the state's Downtown Revitalization Initiative (DRI). We also focus on Gutchess Lumber, Automated Biomass Systems and Kennedy Hardwood, three companies thriving in the hardwood industry, a sector that tends to fly under the radar here but

comprises a critically important component of the local economy.

And as always, we are providing “news you can use” with respect to our business revolving loan program and contact information for important municipal offices across the county.

This newsletter aims to give readers a better sense of what's happening in Cortland County. We hope you find it informative, and we welcome any feedback or suggestions you might have.

The BDC is Cortland County's principal economic development organization working for economic and community growth. Together, its programs, projects, and services aim to support existing businesses while promoting other job-creating opportunities across the county.



Garry L. VanGorder
Executive Director/CEO

No one can question the veracity with which Governor Andrew Cuomo has pursued an economic resurgence in Upstate New York. From the Buffalo Billion to the \$1.5 billion Upstate Revitalization Initiative, the \$100 million Downtown Revitalization Initiative, State Fair improvements and a handful of other big-ticket investments from one corner of the state to the other, unprecedented resources have been poured

into an effort to reverse the fortunes of communities north of the metro New York area.

And the governor deserves credit for that, because prior to the Cuomo Administration, the plight of Upstate New York caused not much concern for a state legislature dominated by downstate interests.

But as I listened to a panel of speakers at a recent Chamber of Commerce legislative breakfast, I couldn't help but wonder why Andrew Cuomo will not take up the one thing that will have widespread and immediate impact for all of us—reducing the ridiculous cost of state-mandated spending by local governments.

At the breakfast, Cortland Mayor Brian Tobin and Cortland County Legislature Majority Leader, Kevin Whitney, each did a fine job laying out the challenges their governments face to meet the needs of their constituencies under the burden of a two percent budget spending cap, rising costs and a flat tax base. It is tough, arduous work that each year has those governments weighing service or job cuts.

Listening nearby were three longtime and respected state representatives also on the dais: Senator Jim Seward, Assemblywoman Barbara Lifton, and Assemblyman Gary Finch. All three conceded publicly and privately that whether it's Medicaid—the 800-pound gorilla—the obligation to pay legal fees for indigents, or a host of other things, New York State pushes way too much spending down the line.

Whatever change they may help bring about needs to come soon, because as Tobin, Whitney, and their colleagues across the state will attest, the task gets tougher every year. Someday, somehow, state government needs to look this problem squarely in the eye. A new gondola at the State Fair is nice, but ...

On the cover: Matt Gutches, president of Gutches Lumber, stands beside stacks of finished lumber awaiting shipment to one of the company's domestic or international customers.

1904

Gutches
Lumber
Founded

5

Generations
of Gutches
Leadership

450

Gutches
Employees
in 7 Locations



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Partnership Gets Grant

The Cortland Downtown Partnership has been awarded a \$500,000 state grant that will allow completion of renovations at its 40 Main Street building downtown. The grant was one of 75 statewide Restore NY grants announced in January by Governor Andrew Cuomo.

The Partnership purchased the building several years ago and began restorative work on the second and third floors. Most recently an elevator was installed, connecting retail space on the first floor with working offices on the second floor and an apartment on the third floor.

The latest grant will allow completion of façade and interior work at the historic building in support of entrepreneurial and economic development.

Proposed New Round of DRI Funding

Governor Cuomo has included in his executive budget a second round of funding for

the Downtown Revitalization Initiative, awarding \$10 million to one city in each of the state's ten regional council districts.

Cortland's plan finished a close second to the city of Oswego in the DRI's first year, and local leaders are already discussing this year's approach to land funding in support of innovative and transformative downtown projects.

Final word on the status of the funding won't come until the state budget is announced, but legislative leaders have voiced early support for the plan.

CRMC Fights Back

Cortland Regional Medical Center CEO Mark Webster says that a recent report of the hospital as a source of Legionnaire's Disease was unfounded, sensationalized and damaging to the hospital's reputation.

While mandated new state testing did turn

up *Legionella* bacteria in a sampling of CRMC's water last December, the hospital took immediate action to inform staff and install new equipment to address the issue. Further, Webster said, genetic testing of CRMC water samples by the state department of health showed no link between those samples and any reported cases of *Legionella*, a bacteria commonly found in water systems that is not harmful to healthy people but can cause a form of pneumonia when aerosolized and inhaled by those at risk.

"There was never any doubt that we would respond swiftly and do the right thing for the safety of everyone involved," Webster said in a memo to the hospital's 730 employees. "Our water is safe, was safe, and harmed no one."

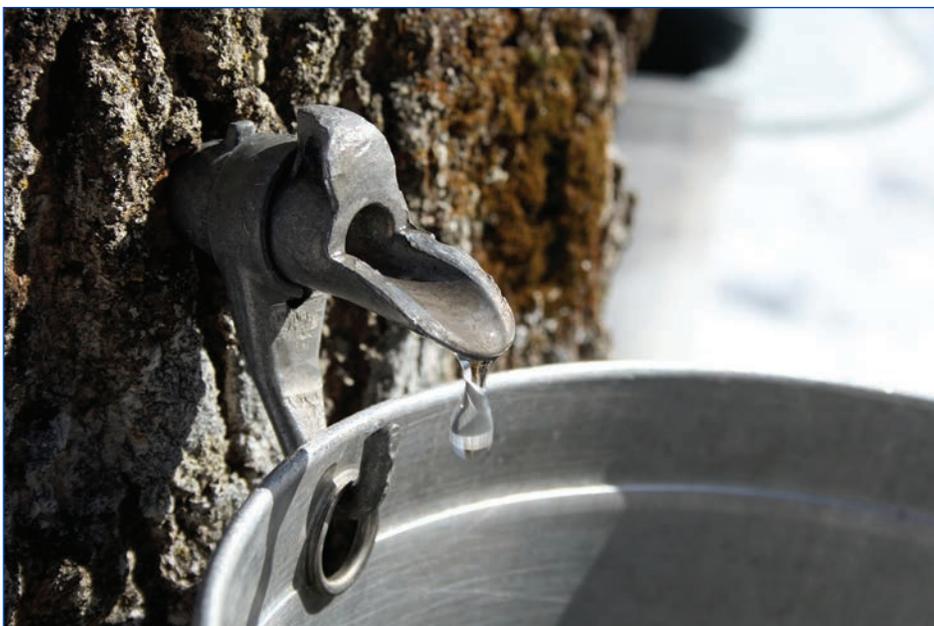
51-55 Main Street

Developers have received financing and, coupled with state assistance, now say they have sufficient resources to move forward with the renovation of 51-55 Main Street, a strategically located downtown building that has been vacant since a devastating fire there 11 years ago.

Renovation of the building is considered critical to revitalization efforts in the central business district.

Cortland Arts Connection

Stakeholders are planning how business, arts, and education organizations can better work together to stimulate economic activity in the city of Cortland. The group believes the arts are central to a strong community and wants to grow the sector.



The annual CNY Maple Festival is scheduled for April 1-2 in Marathon. As the snow melts and the sap begins to run, it's Cortland County's true rite of spring! See maplefestival.org for details.

Gutchess Lumber

A leader in the production and distribution of quality American hardwoods worldwide

Among Cortland County's quiet business giants is Gutchess Lumber, which is based in Cortland but has a client list that reaches the four corners of the globe.

Gutchess Lumber's 450 employees grow, harvest and process more than 100 million board-feet of premium northern hardwood annually, for use in such applications as furniture, flooring, cabinetry, architectural millwork and more.

“We’re not the biggest and don’t need to be, because we’re confident we have the competition beat where it counts—in the quality and consistency of our product.”

*—Matt Gutchess, President,
Gutchess Lumber*

“Our goal is to be less a commodity and more of a boutique operation,” explains Matt Gutchess, president of Gutchess Lumber since 2015. “We are never going to be the Walmart of the industry. That’s not

our strength. Our focus is maintaining a reputation for quality and consistency. We find that this is what customers value most. We’re not the biggest and don’t need to be, because we’re confident we have the competition beat where it counts—in the quality and consistency of our product.”

It’s a pretty impressive boutique. Gutchess Lumber maintains seven facilities in the Northeast U.S.: two log yards, where harvested timber cut into logs is then sorted to be sold domestically, exported or shipped to mills for further processing; and five manufacturing facilities that serve different functions in the process of turning raw logs into finished lumber.

“Two of our facilities—in Freedom, New York and Brookville, Pennsylvania—are green saw mills; that’s where we cut the logs into green lumber that is trucked to other facilities for drying in our wood kilns,” Gutchess explains. “One of our dry kiln yards is in Latrobe, Pennsylvania. The other is here in Cortland, which is a full-service facility with a log yard, mill and kilns. We also have an operation in Preble that produces wood pallets.”

Gutchess Lumber inspects every board they produce twice—as both green and kiln dried hardwood.



The Gutchess log yards are where prime hardwood is sorted and readied for milling.

Photo by Roger William Thrice

Because the company owns the sawmills, kiln drying facilities and some of the timberlands where the trees are harvested, they are able to maintain consistency of the hardwoods through the entire manufacturing process.

The company's customer base is split roughly 50-50 between domestic and international clients, with the majority being from Canada, China, the Middle East and Europe. "Our biggest customers are private businesses," Gutchess says, "distributors who sell to every kind of manufacturer you can imagine." Overseas orders are trucked to the ports of New York or Baltimore and travel by sea to destination countries. Revenue for the company, which is among the top five hardwood producers in the nation, is in excess of \$100 million annually.

"China as one of our largest markets is an interesting counter-trend," Gutchess says. "There is a lot of debate about U.S./international trade deficits. But a commodity that trade partners like China lack is hardwood. This creates the opportunity for us to sell our product to them, bring that money home and reinvest it in the U.S."

Gutchess Lumber dates back to just after the turn of the 20th century, when George Gutchess founded the company on a small farm in upstate New York. The business operated on a limited scale primarily due to the small size of the mills (often portable) as well as the lack of dry kilns which allow for lumber shipments over greater distances. In the 1950s, Homer Gutchess, George's grandson, journeyed to Wisconsin to study large-scale kiln operations and learn more about the lumber drying side of the business. He brought that knowledge back to Central New York, built the area's first large-scale kiln drying operation—and revolutionized the industry in the region.

The ensuing years saw tremendous expansion of the company through increased hardwood produc-

tion and acquisition of more and more harvestable timberland. Gutchess Lumber practices a crop rotation system in its forestry procurement practices that enables harvesting of woodlots in cycles. Sustainable forestry has long been the company's practice. Today, there are more hardwood forests in New York State than when George Gutchess began the company.

Matt Gutchess is fifth generation head of Gutchess Lumber, which is an employee-owned company. Many of its current workers are second- and third-generation employees.

"Gutchess Lumber is a work in progress, and we certainly don't lack for projects or opportunities to grow," Matt Gutchess says. "There's a lot to keep up with regarding technology and information systems. We're constantly reviewing ways to better control operating costs, stay up-to-speed on new equipment and modify plant layouts to enhance efficiency.

"We are a dynamic organization always looking for growth opportunities and looking for people with fresh ideas, drive and ambition," Gutchess says. "The sky's the limit."



Photo by Roger William Theise

A front end loader is used to unload logs at the Gutchess Lumber facility in Cortland.

Fast Facts

- Founded 1904
- Global producer of manufacture-ready northern hardwoods
- Family-run for five generations
- 450 employees; an employee-owned company
- Seven locations in New York and Pennsylvania
- Annual revenue = \$100 million+



Photo by Roger William Theise

Finished lumber is loaded on a flatbed to be trucked to a domestic customer.

Cortland County BDC Revolving Loan Fund Program

The BDC facilitates business recruitment and retention in many ways, including the management of its \$500,000 revolving loan fund.

Dozens of loans have been granted over the years as an alternative to or complement to traditional loan financing. While our underwriting is designed to protect the agency's investment, it is also structured in a way that recognizes the challenges new and existing small businesses face in today's competitive marketplace.

Eligible borrowers include for-profit manufacturing, professional, service, and commercial businesses. Retail businesses will also be considered on a case-by-case basis. Eligible applicants include sole proprietorships, partnerships, corporations, and limited liability corporations. At least 50 percent of a project cost must be provided by the borrower (bank or private financing, borrower equity).

Loans are capped at \$100,000 or 50 percent of eligible project costs, whichever is less. The minimum loan amount is \$10,000. For complete details call our office at 607/756-5005 or see the website at cortlandbusiness.com.

Main Street has Promise, Opportunities

A business development strategy commissioned by the City of Cortland has offered an in-depth analysis of what Main Street is and what opportunities may exist for a vibrant and exciting future.

"Downtown Cortland has assets that communities throughout North America would envy—handsome historic buildings; a walkable district, 5,100 downtown workers, and a major university just a block or two away, among others," the report concludes. "But ... downtown also has quite a few vacancies. And, while it has more than 440 businesses, agencies, and organizations, fewer than five percent of its businesses are retail stores or restaurants—a surprisingly small percentage."

The report by Community Land Group + Economics Group, LLC, outlines the forces behind retail's decline in Cortland's downtown and elsewhere, and also underscores some minor obstacles for growth and one major stumbling block: a negative self-image.

The consultants based the self-image finding on a survey to which more than 600 people responded. "In brief," the report says, "the only things holding downtown Cortland back are the community's negative attitudes and impressions of the district."

A strategy for building on opportunities downtown include a focus on improvement of the business mix, improvement of property profitability, provision of more entertainment options, boosting tax revenues, and making sure that a visit to downtown is fun.

Specific recommendations are that Cortland should increase the supply and diversity of downtown housing, expand its role as an entertainment hub, and develop at least two specialized retail clusters (apparel and furniture/home furnishings). Initiatives further included strengthening downtown's vacant property ordinance, bringing back a two-way main street, creating a business transition program and continuing to keep the pressure on against drug transactions in the district.

"This is a real road map for growth downtown," said BDC Director Garry VanGorder.

Businesses have access to numerous resources at the local, state, regional and federal level to help them succeed. In addition to Cortland County's Business Assistance Programs, here are other resources to help your business:

Cortland County Government

60 Central Avenue
Cortland, NY 13045
cortland-co.org

County Planning Department

37 Church Street
Cortland, NY 13045
cortland-co.org/Planning/index.html

Cortland County Health Department

60 Central Avenue
Cortland, NY 13045
cchd.cortland-co.org/

City of Cortland

25 Court Street
Cortland, NY 13045
cortland.org

Town of Cortlandville

3577 Terrace Road
Cortland, NY 13045
cortlandville.org

Town of Homer

31 N. Main Street
Homer, NY 13077
townofhomer.org

Village of Homer

Homer, NY 13077
homerny.org

For more resources visit us online at
cortlandbusiness.com/resources/

From Colorado to Cortland County: A Firewood Equipment Manufacturer Makes CNY His New Home

Three years ago, Matthieu Timmins found himself with a happy dilemma.

A native of Canada at the time living in Colorado, Timmins had begun a small business as a teenager cutting and delivering firewood to a handful of customers to help pay for college. Starting with little more than a chainsaw and a pickup, Timmins grew his business into a full-fledged logging company supplying firewood to individual customers and packaged firewood to retailers, along with producing fenceposts for roadside fencing.

“My business had grown to the point that it needed new capital if I was going to compete with the bigger loggers,” Timmins says. “I had to decide if that’s what I should do or if it was time to go in another direction.”

The other direction Timmins was considering was a company that produced equipment like wood splitters and portable conveyors for the logging industry. “I’d bought equipment like this and noticed that no matter whose brand it was, it all seemed the same,” he says. “I began experimenting with building my own equipment which I sold on the side.”

Timmins decided to take the leap. He sold off the logging company which gave him the seed money needed to grow the equipment manufacturing business. Next he had to find a locale and a facility to begin operations.

“I knew I wanted to be in the Northeast because there was a high concentration of woodland and logging going on there,” he says. Timmins set off on a tour of some 30 cities from Ohio to Vermont in search of the right location.

Central New York was high on his list because Timmins had calculated that roughly 80 percent of his customer base was located within six hours of the area. He contacted the Cortland County BDC, which leapt into action to identify suitable sites for his new company. “I looked for about a month and finally chose a site in Lapeer: the Forkey Construction building.” The facility had been home to Forkey Construction & Fabricating which, with assistance from the BDC, had moved to larger quarters in Cortlandville in 2014.

The building was significantly larger than what Timmins had planned on, but because it was in such good condition and was previously used for manufacturing, Timmins went for it. “It turned out to be a smart decision,” he says. “We’ve ended up using every



Matt Timmins operates an AutoSplit, a firewood splitter his new company produces. His company, Automated Biomass Systems, began operations in Cortland County in 2015.

square inch of space.” An added bonus came in the form of hands-on help from Charles Forkey Jr. and Charlie Forkey III, owners of Forkey Construction & Fabricating, who mentored Timmins through his startup growing pains.

Timmins’ company—Automated Biomass Systems—launched in 2015 with three products: AutoConvey, a portable conveyor device that allows wood to be loaded into trucks from ground level; AutoSplit, a firewood splitter; and AutoFine, a wood sorter which separates debris, kindling and firewood.

Four more products quickly followed: a log loading trailer; a skid steer attachment for loading wood; a firewood processor that converts raw logs into firewood, and a smaller firewood processor for smaller scale use. Timmins’ next goal is to have 20 products to market by year’s end.

“We’re feeling pretty good about our prospects,” says Timmins, who employs 17. “Our first year was a leap of faith. Last year we were a bit overambitious but learned a lot. Now we are on our way to being a household name. People are looking for us.”

Timmins says he has no regrets in making Cortland County his new home. “There is a history of medium to heavy industry in the area, which means there are quite a few local suppliers to help us,” he says. “There are also many schools to draw from for talent: We recruited two engineers from Cornell and tap student interns to help in our design department and in marketing. These are all valuable elements that are helping ensure our success.”



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Cortland County offers the best in small town living with easy access to some of the nation's top metro centers.

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Kennedy Hardwood: Custom Millworking Company Succeeds by Adapting to Changing Times

It was the 1960s, and Vernon Kennedy decided it was time to move himself and his young family away from his southern New Jersey home and sample life elsewhere. They wound up in Tully, where Kennedy worked as a carpenter and dabbled in selling snowmobiles during the winter months.

Kennedy also began building and selling wooden racks for hay wagons. From there he added another product, utility buildings, which became a very successful line and turned into a full-time business he launched in 1974.

For the next 30 years, Kennedy produced up to 500 utility buildings annually out of Preble under the business name Kennedy Hardwood, and further diversified with camps, deck buildings, spas, playhouses, mini garages, animal barns and more.

By the mid-1990s, Kennedy Hardwood began experiencing a drop-off in demand for its structures. Large-scale “box” stores had introduced a source of cheaper, lower quality utility buildings people were enticed to buy. It was time to make a major shift, and Kennedy Hardwoods did just that in 2005 by diversifying its product line once again.

“We watched this influx of lower quality structures and decided we weren’t going to compromise to price compete with lesser products,” says Scott Kennedy, Vernon Kennedy’s son, who now runs the company with his father. “We continued to build and sell utility sheds, but Dad got the idea to add millwork to our business, which was a niche service the area needed. It was a great idea.”



Scott Kennedy, left, and his father Vernon stand in front of a Weinig moulder that mills flooring and custom mouldings.

Today, more than 90 percent of Kennedy Hardwood’s business is quality millwork and hardwood flooring for customers ranging from homeowners and contractors to major commercial woodshops. The company’s five employees provide milling services for customers working for such clients as Marriott Fairfield Inn and Suites, Cornell University, SUNY Cortland, Destiny Arms and West Point.

“We take great pride in being a custom shop that uses locally purchased materials as much as possible for our business,” Scott Kennedy says. “We’re very happy with the direction in which we’re headed. The trick is to focus on what you have in hand and make sure you are doing that well. I am a great believer in slow growth and making sure you can manage it.”