

**New York State
Environmental Investment Program
Capital Project Summary
North Hudson Woodcraft Corporation**

Project Background

North Hudson Woodcraft in Dolgeville, NY produces hardwood dimension and piano parts from rough lumber. Prior to the project, only 55% of the lumber entering production became finished product. North Hudson's production facility was nearly 100 years old, in need of repair and too small to handle production levels efficiently. With a 55% yield and annual production level of about 1.65 million board feet, the company needed to purchase about 3 million bd. ft. of rough lumber each year.

Project Description

The purpose of this capital project was to replace the company's "cut-first" lumber processing operation with a "rip-first" system. When lumber is ripped, it is cut down the length, with the grain. Ripping lumber first allows defects in the wood to be efficiently isolated and removed, and results in a higher yield of defect-free, long length product (longer length product is more valuable than shorter length). A complete rough-mill package was installed, including an electronic board scanner to automatically detect defects in the lumber, and an optimizing cut-off line that cuts the lumber to the most desirable length after it is ripped. The company's facility was too small to house the system so a new building was constructed. At the time the project began, most of North Hudson's

competition was already using the rip-first technology.

Project Results

North Hudson Woodcraft operated the new production equipment at 90-95% capacity and realized an average yield of about 63%. The increase in yield from 55% to 63% allowed the company to reduce purchases of rough lumber by about 456,000 bd. ft., or 752 tons, per year. The target had been to increase yield to 61%, reduce rough lumber purchases by 500 tons per year and save about \$500,000 annually. Because the actual yield (63%) was larger than the projected yield (61%) the company was able to net even greater than projected reductions in the tonnage of lumber purchased and avoided purchase costs.

With the rip-first system, the company was also able to purchase a lower quality mix of lumber to produce the same quality end product. At the time the project closed, the company was purchasing a grade mix of 70% #1COM (#1 common) and 30% FAS (prime lumber), priced at approximately \$2.00/bd. ft. Under the old system, the company was purchasing a higher quality grade mix of 70% FAS and 30% #1COM which, in December, 2000 was priced at approximately \$2.50/bd. ft. This was saving the company an additional \$228,000 per year.

Contractor:	Herkimer County IDA	NYS EIP Investment:	\$ 300,000
County:	Herkimer	Contractor Match:	\$1,074,029
ESD Region:	Mohawk Valley	Total:	\$1,374,029
ESD Contact:	518/292-5340	Completion Date:	December, 2000