

**New York State  
Environmental Investment Program  
Capital Project Summary**

**McNeilly Wood Products, Inc.**

**Project Background**

McNeilly Wood Products, Inc. is a sixty-one year old wood pallet manufacturing business. In 1993 the business re-located from New Jersey to Campbell Hall to expand its existing pallet operation as well as expand into reconditioning used pallets for reuse.

Lumber prices have increased steadily over the last fifteen years, and companies that had previously purchased new pallets began looking at lower cost options. As a result, the reconditioned pallet marketplace has expanded dramatically. It offers lower costs while compromising little in terms of product quality.

Over the last ten years, the Mid-Hudson region has become home to large distribution centers, which become either a net user or disposer of pallets, creating both sources of and users of reconditioned pallets.

**Project Description**

In 2004 McNeilly Wood Products, Inc. realized the need to expand the pallet reconditioning at its current facility. More and more customers and potential customers were asking for additional services and the company's existing infrastructure was unable to meet their needs.

The project included construction of a 2,500 square-foot building to contain all the pallet dismantling operations. The additional space obtained in the existing 6,000 square foot building by removing the pallet dismantling operation would then be used to

add additional workstations for pallet reconditioning and assembly. In addition, a covering over the pallet grinding operation was included in the project to enhance year-round operation of that function.

Once the 2,500 sq. ft. building was constructed, additional pallet assembly and dismantling equipment was installed to expand the plant's overall capacity to process pallets and save their customers higher cost disposal fees.

**Project Results**

The business results of this project have been impressive. By increasing the in-bound pallet capacity McNeilly Wood Products, Inc. has increased revenues for reconditioned and re-manufactured wood pallets by 50 percent. In addition, mulch revenues have increased by 69 percent for fiscal 2008 compared to the same period in 2007.

Several new and significant customers have been added to their client list for pallet disposal: Lowe's Corporation, C&S Wholesale Distribution, and The Home Depot International Distribution Center. In addition, they have added several new customers for reconditioned pallet sales.

Incoming tonnage of used pallets has increased by 10,000 tons per year, revenues have increased by \$854,460 and employment has increased by four.

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<b>Contractor:</b>	Orange County Business Development Corporation	<b>NYS EIP Investment:</b>	\$137,729
<b>County:</b>	Orange	<b>Contractor Match:</b>	\$299,335
<b>ESD Region:</b>	Mid-Hudson	<b>Total:</b>	\$437,064
<b>ESD Contact:</b>	518/292-5430	<b>Completion Date:</b>	December, 2008