

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

**Cellutech**

**Project Background**

Cellutech is a small manufacturing and sales company with a plant in Watertown, New York that makes cellulose-based absorbents from paper mill residuals. The company first began its operations in 1993 using a patented process on a demonstration basis at the Champion paper mill in Deferiet, New York (now The Deferiet Mill). By 1995, the company was making a line of absorbent products under the trade name LIQUICK.

**Project Description**

This project helped Cellutech finance machinery and equipment for the company's plant in Watertown, NY. The equipment was necessary in order to increase productivity and product throughput to meet growing market demand, to improve the product quality and consistency, and to clean up the manufacturing area and make it safer for workers.

**Project Results**

The performance targets for this project were to: increase production capacity from 6 to 10 tons/day; increase employment from 6 to 9 employees; and

increase the average monthly sales from \$23,000 to \$65,000/month. At the contract's end, there were eight employees. Average production capacity was 8 tons/day, and the average monthly sales reached \$29,400.

The company is becoming profitable, preserving capacity to beneficially use paper mill residuals. By the end of 1999, employment had increased to 12, another capital expansion was made and the company was operating on two shifts. Monthly sales were well in excess of the original targets.

This project is a good example of the difficulties facing small business start-up. Traditional bank financing was not only unavailable for this risky start-up, but also, not affordable. The award was applied directly to machinery and equipment that was costing the company \$4,000 per month to lease. The award immediately improved the company's cash flow, and enabled management to focus more energy on collecting receivables and increasing its working capital.

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<b>Contractor:</b>	Jefferson County IDA	<b>NYS EIP Investment:</b>	\$110,961
<b>County:</b>	Jefferson	<b>Contractor Match:</b>	\$110,961
<b>ESD Region:</b>	North Country	<b>Total:</b>	\$221,922
<b>ESD Contact:</b>	518/292-5340	<b>Completion Date:</b>	December, 1998