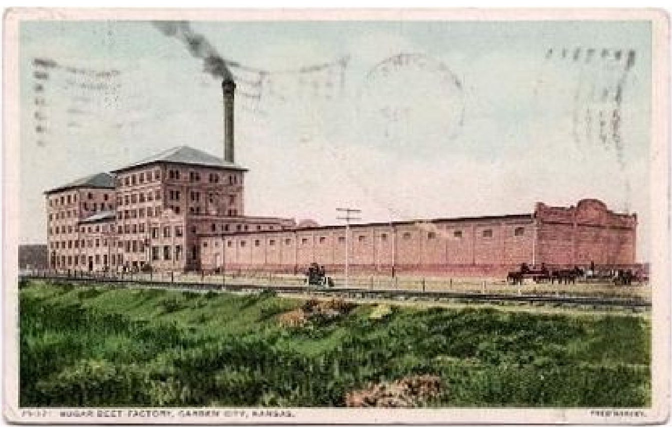
A Brief History
Of
"The Garden City Company"
And
"Sugar Factory"



In memory of Russell T. Tutt
from 1946 to 1991

prepared by:
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EARLY DEVELOPMENTS

Sugar Beets

During the early 1800's, in Kansas, a considerable amount of sugar was produced from cane sorghum. In the year 1889, sugar beets were first used as a source of sugar. At first sugar beets were grown out of curiosity more than anything else.

For a number of years experiments were conducted with beets throughout western Kansas. A bounty was offered by the State of Kansas and several tons of beets were raised and shipped to sugar factories in Colorado and Nebraska. The results of the experiments were most gratifying to farmers around Finney County and they at once exerted every effort to secure a refinery for the area around the year 1900.

In the early 1900's the sugar beet was king in southwest Kansas. The heart of this new agricultural industry was already in the Deerfield and Lakin areas of Kearny County, which was already irrigated land.

Large amounts of water are needed to produce sugar beets commercially. So one of the first acts of the group, that was soon to become the United States Sugar And Land Company, was to purchase the Great Eastern Ditch System conceived and chartered in 1881 by C.J. "Buffalo" Jones.

Some sugar beets were shipped to Nebraska, but the process required a long haul and was very expensive. As a consequence the beets in southwest Kansas, and more specifically, Finney County, were shipped to Colorado instead of Nebraska. Colorado already had established factories and transportation was cheaper. The beets were trucked into Garden City by horse and wagon and loaded on Santa Fe Railroad cars for the trip west. All the growing of sugar beets was done on small plots by the individual farmers and great amounts of water were needed for growing those beets. The water was readily available from both the Arkansas River and the vast underground water supply.

Efforts To Build A Company

Since the experimental sugar beets had been shipped to Colorado and had been very successful, people in Colorado became interested in the developments of the Garden City area. Oliver H. Shoup, an attorney from Colorado Springs and a one time governor of Colorado, became interested in the developments of Finney County sugar prospects through a Garden City friend, D.R. Menke. Shoup employed Menke as an agent for him in 1903. Menke's job was to secure as much good sugar beet land as was available. All Shoup was interested in at this point was to see if enough land could be purchased to make it feasible to build a factory.

Menke and his local associates, Charles Schneider and Ed Wirt, contacted George Swink of Rocky Ford, Colorado to help them secure both capital and land. Swink was primarily the man between Shoup and the Garden City Group and Rocky Ford, Colorado became the location where the first experimental sugar beets were shipped.

Menke's group first purchased the Great Eastern Ditch System because water was essential in the growth of sugar beets. He then purchased over 12,000 acres of land in both Finney and Kearny counties, including the townsite of Deerfield, Kansas. The land purchased included mostly the unimproved land consisting of abandoned farm sites along the Great Eastern Ditch.

Menke carried the matter for about six months and then sought outside financial help in Garden City for the project. Menke went to Garden City's First National Bank and succeeded in securing help from the bank through cashier, W.B. George. George secured some funds from his stockholder's, which were mostly small town Missouri bankers.

Swink and Menke were now ready to make a deal with Shoup for the land. Shoup was now interested in purchasing the land. His original plan was to see if enough water and land was available to make a profit and secondly to see how interested the citizens of Garden City were in securing a factory. Menke had completed his job and he was now ready to enter into a contract with Shoup. Swink, the man between Menke and Shoup, contacted Shoup and his Colorado Springs associates in may 1905. Menke commented, "A contract was entered into about the middle of June. Mr. Shoup signed the contract for his company and Mr George as secretary and I as vice-president for our company." A part of this agreement was to build a sugar factory in Garden City.

The original Colorado syndicate then sold out to another Colorado Springs group composed of R.P. Davie and E.C. Sharer. They purchased an additional 8,000 acres of land at what Sharer described as "very cheap land and an uncertain value of water rights". Sharer in describing the worth of the land and conditions stated:

"The location for a reservoir was found to store water under the Great Eastern Ditch. The Amazon Ditch was being improved and with the pumping plants along the valley in Finney County, it seemed possible to contract enough acreage to supply a factory with about 600 tons of sugar beets daily. During the previous years enough sugar beets had been grown to demonstrate the kind of soil and to prove the sugar content."

The Colorado group now owned over 20,000 acres of land, which was a small dynasty for the turn of the century. The Colorado group also owned all the water rights on their land as well as two irrigation systems with ditch rights to the Arkansas River. Conditions were ripe for a sugar factory. All Sharer and his group had to do was build this factory. However, the group did not have the cash to build a refinery and the syndicate began to look for capital to build the sugar factory.

Efforts To Build A Sugar Factory

It so happened that at the turn of the century, Colorado Springs and surrounding areas were enjoying a phenomenal boom from mining. Therefore, vast capital was available in the Colorado Springs area. Since Sharer and associates were from Colorado Springs, they secured the interest of some of Colorado's wealthiest capitalists in their Garden City, Kansas venture.

Among the early Colorado capitalists that Sharer interested in his venture were Spencer Penrose, who moved from Pennsylvania and made his money at Cripple Creek and also began the Broadmoor Hotel, C.M. MacNeil and J.D. Hawkins. These three were all from the Colorado Springs area and they, along with Penrose's mining associate, F.A. Gillespie, who managed Penrose's United States Reduction And Refining Company, came to Garden City in 1905 to look over the possibilities and proposals for a sugar beet factory. After a thorough investigation, plans were made to finance a sugar factory, revamp the ditches and build a reservoir.

The group had surveyed the situation and had decided to build a bigger and better factory than originally planned. Penrose went back to Colorado and immediately was able to readily finance the company. E.M. Every of the First National Bank Of Colorado Springs interested several prominent business men in the venture with Penrose and MacNeil. Among those who helped were General William J.P. Palmer, the founder of Colorado Springs and Governor Dodge of Denver, Colorado.

Once the United States Sugar And Land Company decided to build a factory in Garden City in 1905, the city immediately became a beehive. People came to Garden City from everywhere, farmers, mechanics, laborers and businessmen. Garden City enjoyed steady growth and soon became one of the most prosperous towns in western Kansas. Garden Citian, James Craig, related the details of the townspeople:

"When the sugar factory interest finally decided to locate at Garden City they asked the people to give them a bonus of

$30,000.00 and secure them 12,000 acres of beets." D.R. Menke became chairman of the committee to take donations of money or land. Others on the committee included E.G. Finnup and Craig. The company took the land at a fixed price. All deeds were made to the holding committee and after the construction of the factory the deeds were transferred to the Sugar Company.

Included in the gifts was the site for the factory. The Legislature of Kansas contributed bonuses to the growers and the Santa Fe Railroad offered 50% reductions in the freight rates over its lines until the factory got its feet on the ground. "It was estimated that Santa Fe gave over $50,000.00 in cut rates to the company. This act by the railroad brought severe condemnation by the Commerce Commission and a heavy fine was levied upon Santa Fe."

The Beginning Of The U.S. Sugar And Land Company

With Spencer Penrose as principal owner of the company, he employed the services of Tom Stearns, a mining machinery builder of Pueblo to build the million dollar structure. Penrose said, "If Tom couldn't build it, they would get along without it". The contract for the construction was let in January of 1906. Stearns employed two consultants to help him with parts. One was the Swenson Company of Chicago and the other was Grevenbroich of West Bay City, Michigan. Both of them had helped with sorghum plants in Kansas. The company attracted the superintendent, Emil Brysselbrut, and a crew of key men from a pioneer sugar factory in Grand Island, Nebraska, to come to Garden City.

Stearns had two good friends who had just completed a refinery in Holly, Colorado and were now in the process of building one at Swink so every week the three builders and sometimes Brysselbrut would congregate at La Junta and exchange ideas, blue prints and advice. "At least externally the Holly, Garden City and Swink houses were identical triplets."

The factory opened for the first time on November 15, 1906. The first officers of the United States Sugar And Land Company were:

- C.M. MacNeil, President
- R.P. Davie, Vice-President
- J.R. McKinnie, Treasurer
- O.H. Shoup, Secretary
- F.G. Gillespie, Manager
- E.H. Avery, Assistant Manager
- Emil Brysselbrut, Superintendent

Other board members were Spencer Penrose, C.C. Hamlin and J.D. Hawkins.

Almost all of the men were from Colorado Springs and this was where most of the capital as a consequence was located. The corporation was also chartered in Colorado. Although the factory has always remained on the same location and was never expanded, the first offices were in downtown Garden City, Kansas.

SUGAR FACTORY IN OPERATION

Campaign Time

Depending upon the first heavy freeze of the year which would kill the leaves on the beets and force the sugar into the beet, the campaign would begin. Usually a campaign ran from the middle of October and ended before Christmas. However, the first campaign lasted three full months, starting November 15th and continuing to February 16th.

The factory's 600 ton capacity was reached on the first day of operation and the local paper even claimed that 900 tons had been processed. The capacity of the plant was maintained each and every day during all campaigns barring any breakdown. However, somewhere between the beet sheds and the warehouse, there was a large unaccountable loss of sugar during the first year of operation. As frequently happened in those days, a simple mechanical defect became a mystery. Unfortunately, the master mechanic had not had much sugar house experience and proved himself unequal to the job from the standpoint of mechanics.

Brysselbrutthen sent for Henry Schwarn, a troubleshooter located in Longmont, Colorado. Schwarn immediately found a way to correct the situation by taking the excess off the fourth process and by also providing a catch-all between the vapor line and condenser. Immediately the returns showed an increase of 33 lbs. of sugar per ton of beets. This was just an example of a minor mechanical defect in sugar refining, but it did lead to one development of the company. Eugene Stoeckly, an experienced mechanic, was hired as Master Mechanic and Consulting Engineer in 1907. Stoeckly had experience with the building of sugar factories in his brief time as consultant engineer with both The American Construction Company of New York and Chicago.

The first campaign was completed on February 18th having processed 66,000 tons of beets. The average daily intake was 629 tons with a peak of 900 tons reached in December.

Up to 1938, a campaign usually required 200 to 300 men working on a 12 hour shift. But when the 1938 wage and hour act went into effect, the company had to employ 350 to 400 employees. Usually about 60 employees were kept on a permanent basis. This included office help, factory and land operations. After a campaign was complete, the machinery was cleaned, broken down and repaired.

The all time sugar beet record was reached in 1940, when 123,225 tons of sugar beets were processed. The next highest year had been in 1933, when 100,306 tons of sugar beets were processed.

Further Developments

Although the company ran the mill continuously for 50 years, the company did not run as smooth in corporate books. The company has had four corporate names and went through bond foreclosures which wiped out many stockholders. The name of United States Sugar And Land Company lasted for only eight years, from 1905 thru 1913. The company then became the Garden City Sugar And Land Company and in 1915 moved its offices above the present day bank in downtown Garden City. Kansas. There the bank agreed to build a second story to facilitate the company.

The company offices remained there until 1920 when Simson Moss bought controlling interests in the bank and doubled the rent to the company. The company then moved to a building just east of the sugar factory that the company owned. This building was formerly a government building in charge of beet culture and employed the full time services of a pathologist, DR. C.O. Townsend. After the laboratory was closed in 1915, it became a rented house made available to employees until the company made it its office. The company office remains in the same building today.

Also in 1920 another foreclosure occurred and the company name became Garden City Company. In 1930 the last foreclosure took place. The company simply added the word "The" in its title to make the company's name read, The Garden City Company, which remains today.

Although the company foreclosed three times, Spencer Penrose and associates have always owned the controwng interests. The company had had only five presidents in the eighty-seven years of its history and only four families have been involved: MacNeil. Penrose, Charles Tutt. Russell T. Tutt And William J. Hybl.

This brings an explanation of the relationship with Tutt. Charles Tutt. Sr. had come to Colorado Springs from Pennsylvania and he was a mining associate of Penrose. Tutt was considerably younger than Penrose and Tutt was a millionaire at a young age as a result of his mining profits.

MacNeil, Penrose and Tutt were the owners of the Utah Copper Company during the 1900's. Since that time Utah Copper has merged with Kencott Copper Company. MacNeil, Penrose and Tutt also became large stockholders of The Garden City Company.

Although Tutt had no capital invested in the original company, Penrose sold him on the idea of investing in the company. The two then became the majority stockholders in the company after MacNeil's death. Penrose became president of the firm after MacNeil's departure and remained president until his death in 1939. Then Charles Tutt became president of the company and remained head until his death in 1961. Then his son, Russell T. Tutt, assumed the reins until 1991.

The company had little turnover in administrators. There were only three superintendents of the factory, Brysselbrut from 1906 to 1913, Stoeckly from 1913 until 1946 and Mac Mims from 1946 to 1955. "Only five men held the General Manager position while the plant was in operation", recalled past General Manager, W.F. Stoeckly. The General Managers were Gillespie, J.P. Nolan, Joe Stewart, W.E. Leavitt and Russell T. Tutt. W.F. Stoeckly the only living former General Manager retired in 1991. W.F. Stoeckly remained on the Board of Directors after his retirement and his tenure as General Manager was 30 years. This was longer than any of his predecessors.

Historical Events

A famous american politician, William Jennings Bryan, spoke from inside the sugar warehouse in 1908. A platform was erected on top of the sugar sacks and he was campaigning for the presidential nomination. This building still stands today and is occupied by Kamen Supply, a wholesale plumbing supply warehouse.

The Garden City Company was not without action in either the Depression or World War II. During the Depression, the sugar factory operated unaffected by the outside developments and was one of the few operations in southwest Kansas that did not close.

In 1932 when most of the banks in the United States closed for a short period of time, Spencer Penrose found enough cash to send to Garden City to meet the payroll of The Garden City Company for one month. This helped the economy of Garden City considerably.

During the War there was a ration on sugar. There were orders issued from the government instructing the Garden City sugar to be shipped to the East Coast for civilian use. The area where this sugar was shipped was called the "deficit" area.

Smaller amounts of sugar were also shipped to Texas, which was known as the "fringe" area. Thus, Garden City sugar was shipped all over the United States. Most of the sugar during normal times, was consumed only in the high plains area.

The Garden City Company is not without fame in the Wall Street circles either. Although, Garden City Company stock is not traded on the open stock market, the famed statesman and capitalist, Bernard Baruch, owned some shares in The Garden City Company at the time of his death.

BRANCHES OF THE ORIGINAL COMPANY

Farming Company

When the first company was formed, the purpose of the land's use was for raising only sugar beets. The seed used by the farmers was imported from Russia and Germany until 1935. After this date, the seed was secured in Arizona. The farmers paid for the seed out of their beet settlements with the company. The Russians and Germans also made the best farmers, and they were the principal growers of the beets.

The company also realized that vast numbers of laborers would have to be imported. Indians were brought in for laborers from New Mexico and Arizona camps until the 1930's. Then Texas and local Spanish people were hired for field work except for a brief period during World War II, When Mexican nationals were employed under government contract. several Mexican interpreters were hired to work with the laborers; but after the War, the sugar company had to return them to Texas.

The factory had originally secured 25,000 acres of land for sugar beet raising only. Between the years of 1906 and 1919, the company gradually secured 52,000 acres for raising other crops. The company at this time was simply too spread out and not being efficiently run. As a result, the reorganization in 1919 included the sale of a considerable amount of land that was later repossessed. The last reorganization took place during the 1930's, when approximately 20,000 acres of land was sold.

The company slighted the farming operations as a whole while the company owned the sugar factory. It was just simply too much to do without enough good help. The company farmed its own land from 1906 until 1920. This didn't prove successful because of too many bosses and not enough workers. Tractors were not available then and the company had the problem of trying to keep the mules and horses alive.

Then in 1921 the Kansas lawmakers made it illegal for a corporation to farm and the company quickly leased the land to tenants. The farms at that time were seldom bigger then eighty acres in size and many square houses, that were mass produced, were placed on a section. Today a farmer may lease as much as 1500 to 2000 acres of land from the company.

Since the sale of the sugar plant in 1955, the company has concentrated on its farming operations encompassing some 28,000 acres. Present day crops grown include, corn, wheat, milo and soybeans.

Irrigating System

Since sugar beets required large amounts of water, a large supply of water had to be found. As part of the agreement of the original purchase, the U.S. Sugar And Land Company secured the ditches of the Great Eastern Ditch. This ditch ran from Heartland, Kansas, an abandoned ghost town, through the land situated northwest of Garden City. The ditch stretched over a hundred miles in length from the intake at the river to the termination north and west of Garden City. The early developers realized at the time they sought plans for constructing the plant that the water supply of the Arkansas River was increasingly absorbed in Colorado. Accordingly, the company built small reservoirs to store water when there was a surplus and in addition they developed an extensive underground pumping system for drawing water directly from the river underflow.

The largest of the reservoirs constructed was a 3,000 acre reservoir near Deerfield called Lake McKinney. Lake McKinney was constructed in 1906-07 and was the largest man made lake in the State of Kansas at that time. The Great Eastern Canal filled the lake from the head gates at Heartland until 1952. Lawsuits against the ditch company and flood damage forced them to abandon the western section of the ditch, but the eastern part of the canal and reservoir remained until 1976. The Garden City Company, owner of the ditch, then negotiated with the Amazon River Canal to deliver water to the lake. In 1976 the lake was reduced in size to approximately 1,000 acres because of the shortage of water from Colorado. The remaining 2,000 acres of Lake McKinney was converted to farmland.

However, ditch water is not the only way to irrigate the crops. Artesian wells became popular during the twenties. The first artesian wells were put in during 1915.

F A. Gillespie became interested in irrigation after serving as General Manager and he became one of the developers and pioneers in irrigation in southwest Kansas. The Garden City Company today owns a massive number of underground water wells. At one time during the 1980's there were as many as 86 deep wells in operation.

Beet Pulp Plant

In 1909 the company realized the need for a by-products plant. So they built a beet pulp plant. The plant utilized the by-product or waste left from the extraction products. The pulp was dried and shredded. Beet pulp was used for cattle feed and it was shipped to all parts of the country, but mainly in the southern states in hundred pound sacks. Some of the pulp was even shipped abroad. Some pulp was shipped to Beaumont, Texas, where it was exported to Puerto Rico for their cattle industry.

However, during the last few years of operation, the pulp was sold locally in large amounts for cattle feed. The pulp plant was sold along with the factory in 1955.

Alfalfa Mill

The company also felt the need to enter into a project to benefit the farmers and help them rebuild their soil and rotate their crops. This was why an alfalfa mill was built in 1914. However, the company did not have much success with the mill. It burned down completely in 1916. It was reconstructed and lasted until 1929, when fire once again destroyed it. The mill was not rebuilt this time because a national firm had begun operation in the Garden City area and the company did not feel it could compete with them.

Railroad

In 1916 The Garden City Western Railway Company was completed and extended fourteen miles through the company's richly irrigated farmlands to the northwest.

The sole purpose of the building of the railroad was to haul beets from the country to the sugar factory. However, the railroad soon became a connecting link with the Santa Fe Railroad and other products were shipped on the railroad, principally wheat. The wheat, just like the sugar beets, was shipped from the elevator to town. There were five beet dumps between which the engine would commute. Engine #25, or "Two Bits" as it was called, was used for almost forty years, even though the railway had a new diesel engine.

After Engine #25's retirement in 1955, The Garden City Company donated it to the City of Garden City for a park display. The Garden City Western Railway was sold to the Garden City Coop in 1982. At this time it is still operating and doing well.

Power Plant

In 1916, the company built its own power plant to supply power to the factory because the city power was insufficient. The original name was The Garden City Irrigation And Power Company, which remained the name until it was changed to The Southwest Kansas Power in 1957. Soon after the power plant went into operation, the city power plant became out dated and the city made a contract with the company's plant for power from 1921 until the sale of the plant in 1959.

Not only was the power plant built to provide power for the factory, but it was also constructed to generate electric power for irrigation pumping plants the company owned. The Garden City Irrigation And Power Company also furnished power for parts of five counties in southwest Kansas.

Eugene Stoeckly, who had degrees in both mechanical and electrical engineering from universities in Switzerland, was a consulting engineer on the project. The plant was sold in 1959 to Wheatland Electric for three and a quarter million dollars. Its original purpose had been fulfilled.

Sale Of The Factory

After fifty years of continuous operation, the sugar factory was shut down for good on November 14, 1955. On this day The Garden City Company sold the factory and all the machinery to Merrill Shoup, president of Holly Sugar Company for an undisclosed sum. Thus, a cycle was complete. Merrill Shoup was the son of Oliver Shoup, one of the original founders of the company. Holly Sugar purchased the plant with the idea of increased allotment, but they had no intention of ever operating the plant. There were several reasons for the sale of the sugar factory. These included outdated and inefficient operations, resulting in high overhead and large capital expenditures would be needed in the future. The company also lacked the available acreage for efficient operation and transportation was becoming expensive.

The Garden City Company continued to raise sugar beets until 1974 and they were shipped by railroad to Rocky Ford, Colorado. In 1974 the sugar mill at Rocky Ford closed it doors. This left no place to process beets within 600 miles. Therefore, this ended the sugar refining in Kansas.

The following is information taken from a letter written by R. T. Tutt on September 29, 1976:

"The United States Sugar And Land Company was a Colorado Corporation incorporated in 1905. It then became Garden City Sugar And Land Company, a Colorado Corporation, on January 1, 1914. On February 11, 1920 the company became Garden City Company, a Delaware corporation. Then finally on November 6, 1930, the present corporation was formed and called The Garden City Company and is a Colorado Corporation.

There was no relationship between the United States Sugar And Land Company and the American Beet Sugar Company.

The United States Sugar And Land Company decided upon Garden City, Kansas as they felt they could get water from the Arkansas River for irrigation where they would grow sugar beets. When they decided to locate in Garden City, they asked a $30,000 guarantee and wanted assurance of 12,000 acres of beets. They also discussed land for the factory site just west of Garden City. In addition, the Santa Fe Railroad offered a 50% reduction in freight rates until the factory got started. This amounted to approximately $50,000. It is understood that later the Interstate Commerce Commission in Washington levied a heavy fine on the Santa Fe Railroad because of these reduced rates. It is not believed that any other community competed with Garden City for this sugar factory.

Additional factories were not built in Kansas because it was quickly found out that water from the Arkansas River was not dependable nor sufficient. It was not until after World War II that extensive deep water wells were drilled in southwest Kansas. On Garden City Company land some deep wells were drilled as early as 1916, but the methods of finding water underground until after World War II were very primitive. All records seem to indicate that there was a shortage of water available to farmers in the early days and therefore, as a result, an insufficient supply of sugar beets. Of course, the shortage of water also caused low yields for beets and thereby the farmers did not receive a sufficient return for their work. The company got into the electrical business as it had to have an energy source to operate the factory. As the factory only ran in the late fall and winter they built power lines out to the land so that they could run the pumps as they had in the early days. Just out of Deerfield, Kansas and on the south side of the river there was a battery of shallow water wells which, when needed, pumped water up to the Great Eastern Ditch which supplied water to the company farms. These wells on numerous occasions saved the beet crops. These wells were phased out in 1946-47 when the deep wells were drilled on company land.

Spencer Penrose and Charles M. MacNeil became involved in the Garden City Company at the start. But Mr Penrose did not become totally active in it until around 1915. He financed the Garden City Western Railway, which goes from Garden City 14 miles through company farms to the west. He exchanged the stock in the railroad for Garden City Company stock in approximately 1921.

Charles Leaming Tutt, Sr was a partner of Spencer Penrose, but he was not involved in Garden City as he died in 1909. Charles Leaming Tutt, Jr became active with the predecessor companies in approximately 1915 as vice president and was its chief officer until he died in 1961. Russell T. Tutt went to Garden City in January

1946 and was there ten years before returning to Colorado Springs in 1956.

It became obvious to Russell T. Tutt by 1950 that the sugar beet factory in Garden City was doomed. Russell T. Tutt recalled that he had listed some 42 reasons for closing the factory in 1955. It was very difficult to obtain beets for the factory after World War II. and as a result, the company had to go further away from Garden City to obtain sugar beets. Sugar beets were introduced in the Ulysses, Kansas and Scott City, Kansas areas. This kept the factory going for awhile, but the extra freight in shipping the beets to the factory was a heavy burden. The Garden City Company financed growers to grow beets. but of course, this could not last as a policy. The factory itself was becoming very inefficient. To be a profitable factory it needed to double in capacity and be totally modernized. This would not have been a good investment as there just were not the sugar beets available.

The Garden City Company today is a very successful farming operation. Sugar beets are still grown, but in a much reduced quantity."