



2014 Economic Impact of Composting Study

By

The Minnesota Composting Council

mncompostingcouncil.org

compostmn@gmail.com

About Us

The Minnesota Composting Council (MNCC) received its non-profit status from the State of Minnesota in January 2013, and officially became the State Chapter of the United States Composting Council (USCC) in December 2013.

Mission

The MNCC is dedicated to the development, expansion, and promotion of the composting industry based upon sound science, principles of sustainability, and economic viability. The organization will achieve its mission by:

- Encouraging and guiding research
- Promoting best management practices
- Establishing standards
- Educating professional and the public
- Enhancing product quality and markets

Its members envision that composters, generators of organic residues, policy-makers, regulators, professionals, and consumers will pursue this mission.

Purpose of Study

The MNCC offered the opportunity to all the permitted composting facilities in the state of Minnesota to participate in a survey. This survey is the first-of-its-kind in the nation primary-market survey of a state's composting facilities. The purpose of the study is to show the economic impact and economic growth potential of Minnesota's composting industry, helping the industry:

- Recruit venture capital and other financial resources
- Seek and secure funds for compost and composting research to substantiate existing product applications, explore new product applications, and help support effective site operations
- Identify those industry segments with the most potential for economic growth
- Do better consumer marketing, emphasizing the industry's importance in the state's communities as well as employment and entrepreneurial opportunities
- Seek and secure appropriate taxation of composting sites and equipment

Method of Study

An electronic and paper survey was distributed and data was collected from February 18, 2014 to April 17, 2014. The survey was distributed to 143 Minnesota permitted compost facilities of which 131 were yard debris only facilities and 12 were yard debris and source separated organics facilities. Some organizations own and operate multiple facilities, so there were 106 potential respondents. Thirty-two organizations responded, resulting in just over a 30% response rate. Given the size of the response, the MNCC finds that extrapolations and assumptions about the entire composting industry in Minnesota can be made with a high degree of certainty.

Results

In 2013, 94% of the respondents were currently operating or in business (See Figure 1). Of the identifiable respondents, 12 (39%) were privately owned facilities and 19 (61%) were publically owned facilities (See Figure 2). This is in large part the result of the publically owned facilities composting yard debris under a permit by rule permit. Some privately owned compost facilities composted yard debris too, but some also compost source separated organic materials.

Figure 1.

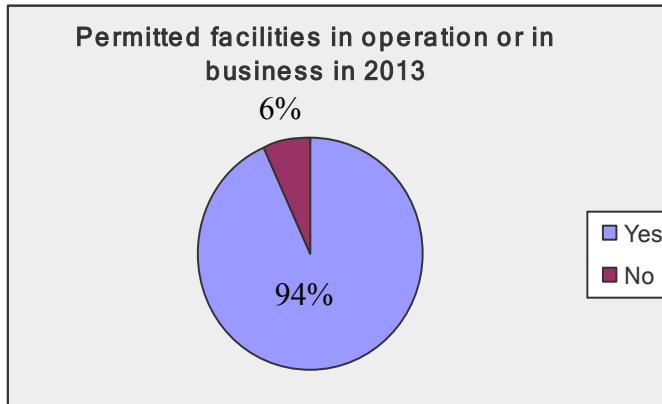
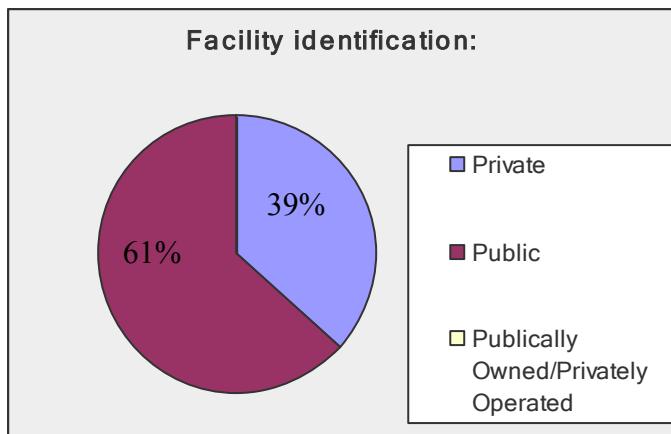
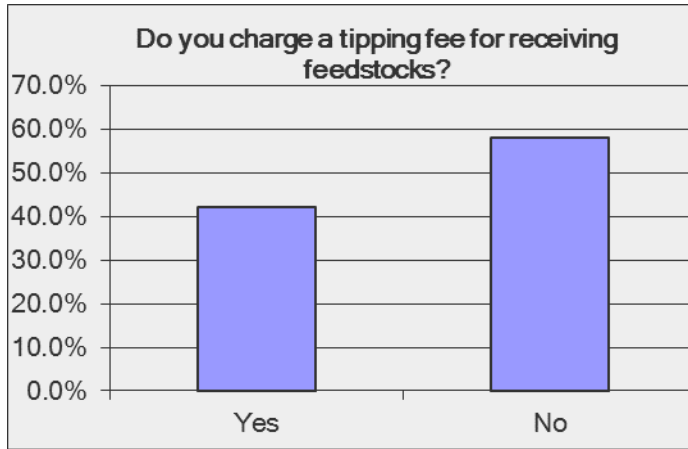


Figure 2.



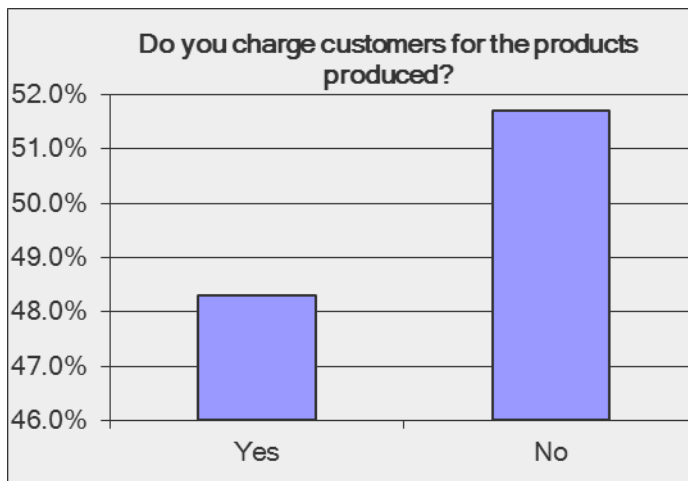
In 2013, 42% of the respondents charge a tipping fee for receiving feedstocks (See Figure 3), and 48% charge for the products (i.e. compost, mulch, etc.) they produce (See Figure 4).

Figure 3.



Of the private facilities responding to the survey, 81 percent charged a tip fee for materials delivered to their facilities, while only 10 percent of the public facilities charged a tip fee.

Figure 4.



Of the private facilities responding to the survey, 90 percent charged for the finished product, while only 16 percent of the public facilities charged the finished product.

For 2008, the respondents indicated that they had about \$9 million in gross revenues. When extrapolated to represent the entire composting industry in the state of Minnesota, it is estimated that gross revenues were \$30 million in 2008 (See Figure 5). For 2013, the respondents indicated that they had about \$11.3 million in gross revenues. When extrapolated to represent the entire composting industry in the state of Minnesota, it is estimated that gross revenues were \$38 million in 2013 (See Figure 5). Based on the responses, the composting industry in Minnesota grew by about 27% in the last five years.

Figure 5.

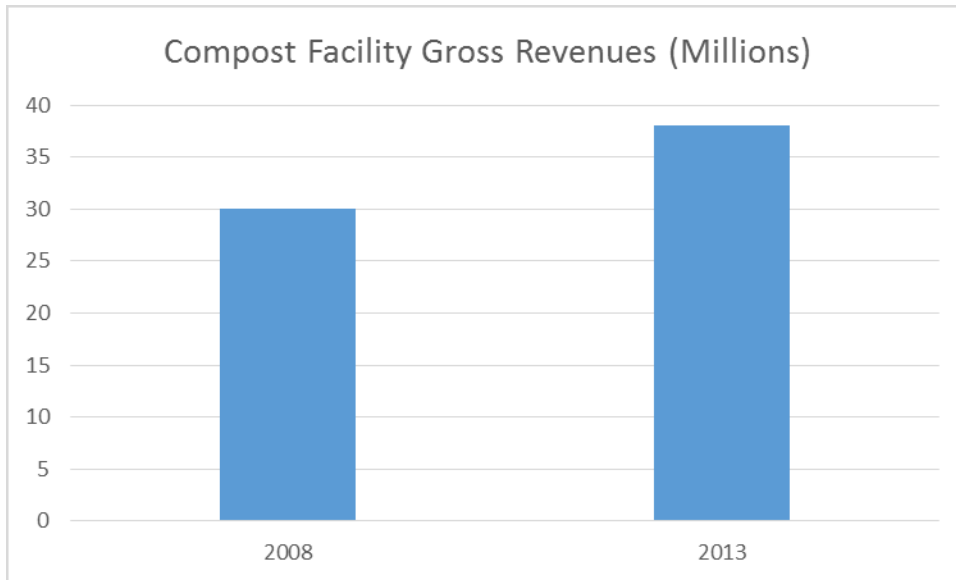
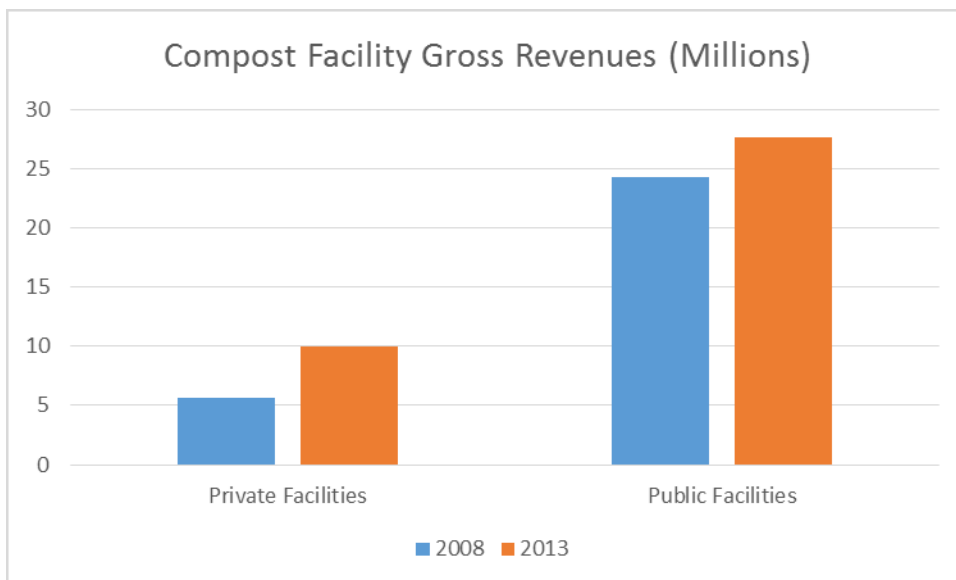


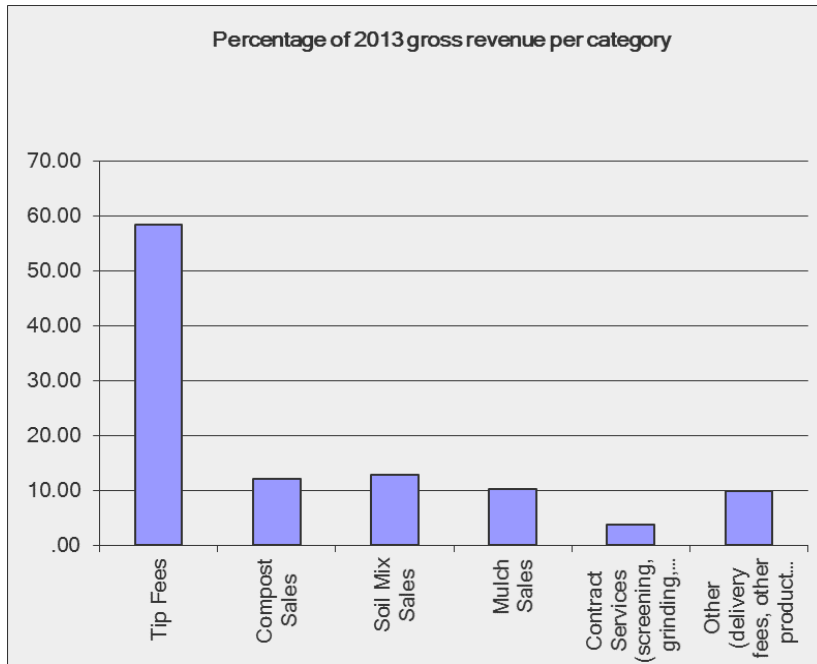
Figure 6 represents the extrapolated gross revenues divided between private and public facilities. The amount of gross revenues for private facilities in 2008 and 2013 were \$5.6 million and \$10 million respectively. The amount of gross revenues for public facilities in 2008 and 2013 were \$24.4 million and \$28 million respectively.

Figure 6.



The percentages of the gross revenues generated in 2013 per revenue category are indicated in Figure 7.

Figure 7.



For 2013, the respondents indicated that they paid over \$3.2 million in total payroll. When extrapolated to represent the entire composting industry in the state of Minnesota, it is estimated that total payroll was just over \$10 million in 2013. In addition, the respondents indicated that they employed 69 full-time, 8 part-time, 31 seasonal full-time, and 27 seasonal part-time workers. When extrapolated to represent the entire composting industry in the state of Minnesota, it is estimated that the industry employed 228 full-time, 27 part-time, 103 seasonal full-time, and 100 seasonal part-time workers.

Of those responding, 44% represented that they will be making capital improvements in 2014 totaling about \$2.9 million. Extrapolating to the entire composting industry in Minnesota, capital improvements are expected to be about \$10 million.

The 2013 Minnesota Pollution Control Agency Annual Reports showed that the composting industry in Minnesota processed over 660,000 tons of organic materials into valuable soil amendments. At the time of this publication, the data had not yet been verified through a quality assurance and control process. Also, the bulk density of organic materials processed was estimated to be 800 lbs/cubic yard. The estimated density was based on the average accepted bulk density of the variety of organic materials received from the variety of sources.

In conclusion, the composting industry in Minnesota is vibrant and growing. It continues to strive to protect our environment, be a responsible neighbor, and provide jobs and economic opportunities for Minnesotans.