

**Utility Branding Network
"Southern California Organics Marketing Summit"
June 26, 2008**



**Structure of Organics and
Compost Markets**

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ASSOCIATION OF
COMPOST
PRODUCERS



Topics

- **The Problem ACP is Addressing**
- **ACP's Mission**
- **Compost Industry Structure**
- **Agenda for 2008**

Problems: Poor Soil, Wasted Resources

- **Poor, Unhealthy Soil in California**
 - Low Organic Content (0.5 % Versus 5-6% in Healthy Soil)
 - Increased Need for Water - Up to 20-30% More
 - Increased Need for Chemical Fertilizers and Pesticides
 - Lower Crop Yields, Constant Need to Build Soils!
- **Organic Resources Being Buried**
 - Valuable Organic Resources Going to Landfills > 50%
 - Negative Perceptions of Land Application; Perceived as a "Horizontal Landfill" for Sanitation Districts/Departments
 - Dialogue Focused on Risk and Science, No Clear Context of Benefits
 - Counties Reacting to Negative Brands
 - "Outhouse of California"
 - *Banning of Biosolids-Based Soil Amendments*
 - Under-Investment in Soil Amendment Market Development

Perception
is Reality!



3

ACP's Mission

The Association of Compost Producers (ACP) is a non-profit association of public and private organizations dedicated to increasing the quality, value and amount of compost being used in California.

We do this by promoting activities and regulations that build healthy soil, benefiting people and the environment.

ACP members work and invest together to:

- Increase compost markets and improve compost product & manufacturing standards
- Provide education & communication on compost benefits & proper use, through
- Support of scientific research & legislation aligned with developing and expanding quality compost markets.



4

Current ACP Members

Public Agencies

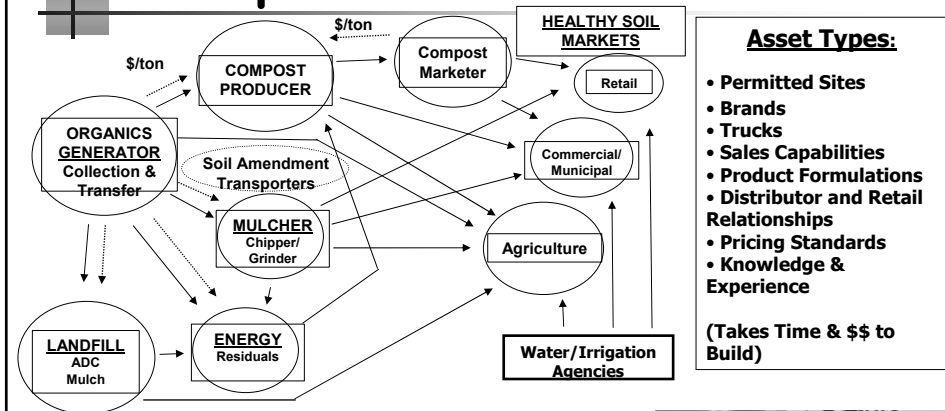
- City of Los Angeles
- Encina Wastewater Authority
- Inland Empire Utilities Agency
- Los Angeles County Sanitation Districts
- Orange County Sanitation Agency

Private Companies

- AgriService, LLC
- Engel and Gray
- Inland Empire Composting
- Kellogg Garden Products
- P.F. Ryan and Associates
- Serrano Creek Soil Amendments
- Synagro



Compost Market Structure



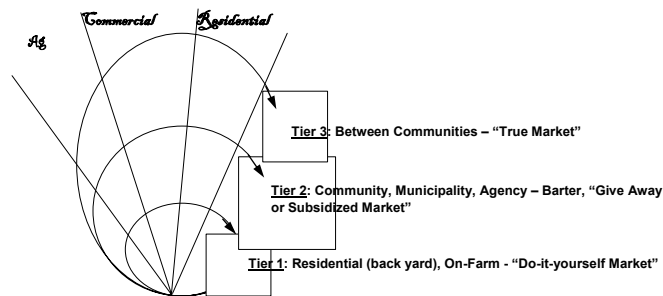
Compost Market Domains

The three main soil amendment market domains:

- Agriculture
- Landscape
 - **Commercial (bulk/wholesale)**
 - **Residential (bagged/retail)**
- Environmental
 - **Restoration**
 - **Stormwater, Erosion Control**



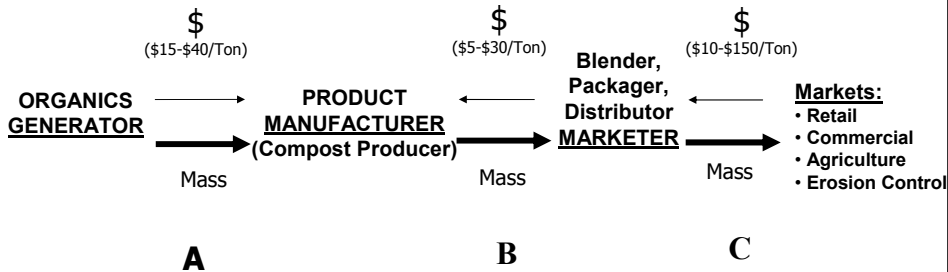
Nine Generic Compost Niches



Key Ideas – Optimize and Synergize!

- No one niche is “right,” correct or “the best,”
- Generating agencies are typically involved in all *at the same time*.
- Compost Market Development Strategies and Tactics must work synergistically to build compost value and volume.
 - *This is still a goal to which all our members are actively working.*
- Conflict can exist between Tier 2 to Tier 3 markets
- See ACP’s Roadmap Priorities, 2008

Compost Market Channel: Relationships and Strategies



Decisions and Actions for Each Channel Member:

A – Generator Strategy - coherent and comprehensive organics reuse, brand, investment and partnership "Strategy w/ specific tactical channel plans"

B – Manufacturer Strategy - build channel relationships, and product brand strategy and tactics, start with specific "Channel Case Studies"

C – Marketer Strategy - Build end use market demand directly, as well as together via "Cooperative and Collective Programs"



Big Questions for All Players!

- Does *every* contracting relationship openly or explicitly build market assets?
 - *If not, why not?*

- What's the Market Development Investment Strategy and Tactics of the Organics Generator and Water Agencies (*the main investors in the soil/water connection*)?
 - *Why are you investing the way you are? Is it working for both your ratepayers and the environment?*



Critical Marketing Standards

- **DON'T**
 - "Dump" product in compost markets (erodes price & value)
 - Fund marketing partners to compete for share in same market

- **DO**
 - Invest in brand building (strong brands build market value)
 - Target and invest in new markets
 - Create "fail safe" markets (inventory management standards)
 - Build long term, mutually beneficial partnerships (specific market development and brand building)

- **Other Important Standards**
 - Healthy Soil Standards, Compost Product Standards
 - Capable Manufacturing Process Standards
 - Application Process Standards



11

Agenda for 2008

1. **Government** – *Increase effectiveness of legislation and regulations that enhance the quality and expand the quantity and value of compost markets*

2. **Markets** – *Increase and Expand the use of compost in agriculture, by state & local government, by the landscaping industry, and through new Environmentally beneficial applications*
 - a. Agricultural Project
 - b. Caltrans Project
 - c. Landscaping Model Ordinance Development
 - d. Stormwater programs

3. **Education & Research** - *Participate pro-actively in events and programs core to building compost markets and ACP membership*

4. **Membership** – *Expand and strengthen the voice of compost producers in California*



12



Association of Compost Producers

Building Healthy Soil Through Local Partnerships

Questions?

Comments?

Discussion ...

