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# Missouri Market Development Program

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## Annual Report for Fiscal Year 2016

(July 1, 2015 – June 30, 2016)



**EIERA**

Environmental Improvement and Energy Resources Authority

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# Missouri Market Development Program

Building Missouri Business

## Introduction

### Administration

In 1990, the Missouri General Assembly directed the Environmental Improvement and Energy Resources Authority to establish the Missouri Market Development Program to promote the development and maintenance of markets for recovered materials. EIERA is a quasi-governmental agency with a Governor appointed bi-partisan board that serves as the financing arm of the Department of Natural Resources. EIERA was selected to house the Missouri Market Development Program to bridge economic development and environmental interests.

### Purpose

The Missouri Market Development Program promotes the development and maintenance of markets for recovered materials and recycled content products throughout Missouri by providing financial incentives, technical assistance and informational services to businesses, governments and other organizations.

Recycling market development helps to ensure that recycling will expand its role in a sustainable Missouri economy, create jobs, conserve resources, contribute to a quality environment and reduce reliance on Missouri's landfills for disposal of solid waste.

### Funding

To implement this statewide effort, the Missouri Market Development Program was allocated \$800,000 from Missouri's Solid Waste Management Fund in fiscal year 2016.

#### Recycling market development is working!

In fiscal year 2016, the Missouri Market Development Program's new investment in five Missouri recycling businesses and continued management of 10 active projects benefited our economy and the environment:

- Leveraged more than \$12.3 million in total investment
- Created 104 new Missouri jobs
- Diverted more than 37,000 tons annually from Missouri landfills
- The avoided disposal costs for the materials used in these projects combines to almost \$3.3 million each year.



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# Missouri Market Development Program

Developing markets through cooperation

## Partners

The cooperation and assistance of several agencies and organizations have been instrumental in the success of the Missouri Market Development Program.

### Department of Economic Development

During the fiscal year, the Missouri Market Development Program continued its working relationship with the Department of Economic Development in support of program objectives. The Missouri Market Development Program and DED coordinate direct assistance to businesses to improve sales and purchases of Missouri products made from recyclable materials.

### Department of Natural Resources

The Missouri Market Development Program works closely with the Department of Natural Resources in its administration of the Solid Waste Management Fund and the Solid Waste Management Program's waste reduction and recycling efforts. The Missouri Market Development Program coordinates priorities and evaluation of activities with the Solid Waste Management Program.

### Office of Administration

The Missouri Market Development Program, in cooperation with the Office of Administration, promotes recycling in state agencies. The Missouri Market Development Program works with the Office of Administration on the Missouri Interagency Recycling Council and in developing the annual State of Missouri Recycling and Waste Reduction Report.

### Solid Waste Advisory Board

The Missouri Market Development Program provides updates on its activities to the Solid Waste Advisory Board. The Solid Waste Advisory Board is made up of the chairperson of each of the 20 Solid Waste Management Districts, three citizen representatives and two representatives of the solid waste management industry. The Solid Waste Advisory Board solid waste chair also serves on the Missouri Market Development Program Steering Committee.

### Missouri Market Development Program Steering Committee

Staff from the EIERA, DED and DNR's Solid Waste Management Program comprise the interdepartmental Market Development Program Steering Committee. The Solid Waste Advisory Board chair is a permanent steering committee member. The steering committee evaluates financial assistance applications and technical assistance proposals submitted to the Missouri Market Development Program and makes funding recommendations to the EIERA board.



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# Missouri Market Development Program

Developing markets through cooperation

## Partners (continued)

### Mid-America Council of Recycling Officials

The Missouri Market Development Program represents Missouri on the 14-state Mid-America Council of Recycling Officials. As a member of the council, the Missouri Market Development Program encourages multi-state recycling, market development, reuse and source reduction efforts.

### Missouri Recycling Association

Missouri Market Development Program staff are actively involved in the activities of the Missouri Recycling Association, Missouri's only collective voice for recycling, waste reduction and sustainability issues.

### Missouri Waste Control Coalition

The Missouri Market Development Program supports the efforts of the Missouri Waste Control Coalition.

### Bridging the Gap

Bridging the Gap built, tested and launched a web-based version of the Missouri Recycled Product Directory at <http://missourirecycledproducts.com/>. Vendors can upload product descriptions and pictures for posting (upon EIERA review and approval), and the format provides the ability for users to access and search the directory online and via mobile devices.



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# Missouri Market Development Program

## Business Assistance

### FY 2016 Update

#### Market Development Program Supports Missouri Businesses

The Missouri Market Development Program supports both larger- and smaller-scale projects. Thanks to the program, Midwest Organics in Sikeston created 10 new jobs in fiscal year 2016. The program also helped four other Missouri companies create new jobs in Gainesville, Kansas City, Perryville and Rich Hill.

#### Fiscal Year 2016 Financial Assistance

The Missouri Market Development Program's financial assistance is targeted toward developing and expanding manufacturing capacity in Missouri by assisting businesses with the purchase of equipment needed to enable manufacturing facilities to use recovered materials. Financial assistance applicants to the Missouri Market Development Program may seek eligibility to request up to \$250,000 toward the purchase of specific equipment needed to manufacture a product from recovered materials or to process materials so that they can be used as manufacturing feedstock.

Applications are assigned points in the categories of job creation, annual diversion and the cash match provided by the applicant. Increasing amounts of assistance are available as points scored by an application increase. If the application addresses a Missouri Market Development Program target, additional points are added to the total. Targets are construction and demolition waste, food waste and organics, plastics or location in a minimally funded Missouri Solid Waste Management District. (A list of these districts is available at <http://eiera.mo.gov/files/2014/12/How-Missouri-Market-Development-Program-applications-are-scored.pdf>.)

Any award requires a cash match of at least 25 percent of the cost of the equipment, and a 50 percent cash match is required to receive the maximum award.

#### Additional Activities

In addition to the financial assistance offered to Missouri business, the Missouri Market Development Program assists businesses with locating and procuring recyclable feedstocks and end markets for their recycled-content products. The program maintains an online Missouri Recycled Products Directory at <http://missourirecycledproducts.com/>.



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# Missouri Market Development Program

## Business Assistance

### FY 2016 Projects

#### **BFC Composting – Perryville**

BFC Composting, Perryville, was awarded \$69,750 to purchase a trammel screen costing \$93,000 that will increase the company's production capacity in its existing composting operation. The company believes a screen capable of handling at least double the volume it is currently able to process will alleviate a bottleneck issue in its operation.

A past program participant, BFC Composting is the only large-scale composting operation in the southeast Missouri area and the only large-scale composter of meat processing waste in the state. Operating under a parent company, Berkbuegler Fur, the company started composting butcher waste with the help of the Missouri Market Development Program in 2001. Because of the bone meal in the materials used, the resulting product is a specialty compost prized by many gardeners. Since its inception, the company has continued to expand, adding additional types of food waste to its processes and employing five people full time.

BFC Composting anticipates BFC Composting Company anticipates **diverting an additional 3,620 tons** annually from the waste stream and **creating two full-time employee positions** with this project.

#### **Branch Creek, LLC – Rich Hill**

Branch Creek, LLC, Rich Hill, was awarded \$100,000 to purchase equipment costing \$257,835 to produce pellets for smoking and for heating from waste wood. The company intends to purchase an existing small pellet business and relocate it to the Vernon County location.

Southern Missouri is home to many timber and wood product industries, and thus a tremendous amount of wood waste, including scrap lumber, shavings, sawdust and shells. Many wood product companies in the area have no markets for waste and often resort to burning it. Branch Creek intends to brand specialty hardwood pellets for smoking and heating and private label smoking pellets for other customers. Overall, 75 percent of the feedstock Branch Creek will use will be waste, and this will increase to 100 percent waste materials for the heating pellets. The company is aware of only one other pellet manufacturer in Missouri, located on the opposite side of the state.

Branch Creek, LLC, anticipates **diverting 550 tons** from the waste stream annually and **creating two new full-time and four new part-time employee positions** with this project.



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# Missouri Market Development Program

## Business Assistance

### FY 2016 Projects

#### Bryant Plastics – Gainesville

Bryant Plastics, Gainesville, was awarded \$61,785 to purchase equipment costing \$82,500 that will enable the company to increase production capacity in its existing plastics operation. Since 1974, Bryant Plastics has been an innovator in the field of manufacturing polyvinyl chloride (PVC) pipe for use as sewer and water pipe and in an array of custom products. The company is a leader in the plastics manufacturing industry for using materials recovered from community recycling centers, commercial recyclers, the construction industry and manufacturers. The company produces pipes, tubes, and rods in custom sizes, colors and perforations along with custom fittings for several industries. It fills requests for custom orders for companies in Missouri, across the United States and around the world.

Bryant Plastics existing grinder was purchased used with assistance from the Missouri Market Development Program 15 years ago, and the 25-year-old equipment has only half the capacity of the new grinder that would be purchased with this project. Bryant Plastics currently has more market opportunity than current production capacity allows for and has access to abundant scrap material. Presently operating three shifts, Bryant Plastics is getting all the production possible from existing equipment making its high quality products. A larger capacity grinder will enable Bryant Plastics to manufacture new product line, accept new waste material streams and significantly increase its annual material diversion, which makes the company eligible to apply for assistance from the program after having received it in the past.

Bryant Plastics anticipates **diverting 1,200 additional tons** from the waste stream annually and creating **two new full-time employee positions** with this project.

#### Midwest Organics, Inc. – Sikeston

Midwest Organics, Inc., Sikeston, was awarded \$250,000 to purchase a drum dryer costing \$678,332 that will increase production capacity in its current operation. The dryer will enable the company to increase production of composted fertilizer made from poultry litter, egg shells, food and other organic waste streams.

Midwest Organics, Inc., is a subsidiary of Heartland Equipment and Application, Inc., which has been in the poultry litter removal business since 1995, working with Tyson Foods and Pilgrim's Pride. Midwest Organics, Inc., was formed in 2015 to research and develop products based on an all-natural absorbency material new to the poultry industry. Midwest Organics fertilizer is a specialty product that has increased water absorption and retention capacity. This means that area farmers cannot only fertilize their crops but can also decrease reliance on irrigation. As a result of the litter removal relationships developed by Heartland Application, Midwest Organics now accepts 25 to 50 tons a week of Tyson's eggshells and waste from the area Pilgrim's Pride cake production facility.

Midwest Organics, Inc., anticipates **diverting 6,000 tons** from the waste stream annually and **creating 10 new full-time employee positions** with this project. The company anticipates the total project cost will be \$2.2 million.



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# Missouri Market Development Program

## Business Assistance

### FY 2016 Projects

#### Missouri Organic Recycling – Kansas City

Missouri Organic Recycling, Kansas City, was awarded \$250,000 to purchase a food depackaging system costing \$560,923 to expand its food waste recovery activities associated with its composting operation.

A successful past program participant, Missouri Organic Recycling was the first large-scale compost producer in Missouri to incorporate food waste in its products and currently uses material pulled from industrial food production, cafeterias, restaurants and grocery stores. There is a tremendous amount of food waste in the region that is still be landfilled because it is primarily product that has been packaged for sale or is too contaminated with packaging to be suitable for composting. A food depackager will enable Missouri Organic Recycling to accept new waste material streams and significantly increase its annual material diversion, which makes the company eligible to apply for assistance from the program after having received it in the past. By adding a food depackager, Missouri Organic Recycling believes its food waste recovery will immediately increase by at least 20 percent.

The Kansas City Royals, Hy-Vee grocery store in Independence and EARP Distribution, which distributes to approximately 215 McDonald's and Chipotle restaurants in Missouri, have each stated in writing that they could increase the amount of food waste they recycle by 20 percent by adding packaged food waste to what they currently send to Missouri Organic Recycling. Also, Harvesters International stated in writing that it could increase the food waste it recycles by at least 900 tons per year by adding packaged food waste to what it currently sends to Missouri Organic Recycling.

Missouri Organic Recycling, Inc. anticipates **diverting 4,800 tons annually** and **creating 3 new full-time employee positions** with this project.





# Missouri Market Development Program

## Business Assistance

### Summary of FY 2016 Projects

Company	City	Material	Estimated Tons Diverted Annually	Estimated New Jobs	Award	Investment	Savings
BFC Composting	Perryville	Organics	3,620	2	\$69,750	\$93,000	\$181,000
Branch Creek, LLC	Rich Hill	Wood	550	2	\$100,000	\$407,345	\$30,250
Bryant Plastics	Gainesville	Plastics	1,200	2	\$61,875	\$82,500	\$80,400
Midwest Organics, Inc.	Sikeston	Organics	6,000	10	\$250,000	\$2,200,000	\$10,970
Missouri Organic Recycling	Kansas City	Organics	4,800	3	\$250,000	\$820,923	\$432,000
<b>TOTALS</b>			<b>16,170</b>	<b>19</b>	<b>\$731,625</b>	<b>\$3,603,768</b>	<b>\$734,620</b>

#### Recycling market development is working!

The Missouri Market Development Program's fiscal year 2016 new investment in these five Missouri recycling businesses helped our economy and environment:

- Leverage more than \$3.6 million in total investment
- Create 19 Missouri jobs
- Divert more than 16,000 tons annually from Missouri landfills
- The avoided disposal costs for the materials used in these projects combines to almost three-quarters of a million dollars.



# Missouri Market Development Program

## Business Assistance

### Summary of FY 2016 Active Projects (previously awarded – still open)

In addition to the five new projects awarded in fiscal year 2016, 10 previously awarded projects were actively managed by the program during the fiscal year.

Company	City	Material	Est.Tons Diverted Annually	Est.New Jobs	Award	Investment	Annual Savings
Avenue of Life, Inc.	Kansas City	Mattresses	1,677	7	\$73,000	261,908	93,912
Bluebird Composting, LLC	Fulton	Organics	1,200	6	\$75,000	\$200,000	\$60,000
DMR Plastics, Inc.	Bolckow	Plastics	1,500	6	\$100,000	312,500	120,000
EXT, Inc.	Excelsior Springs	Plastics	609	11	\$75,000	142,288	\$45,000
Foam Products Corp	Maryland Heights	Foam	50	3	\$44,447	92,000	18,250
Lake Area Industries, Inc.	Camdenton	EPS	180	6	\$63,000	\$84,000	\$22,500
Liquid Soap Products Ltd	Kansas City	Soap	5,000	5	\$250,000	771,000	892,000
Madison County Wood Products	Fredericktown	Wood	2,675	6	\$42,000	\$111,380	\$112,350
QRS, Inc.	St. Louis	Plastics	2,080	30	\$250,000	6,120,000	1,026,000
St. Louis Composting, Inc.	St. Louis	Organics	6,500	5	\$220,000	611,295	140,875
<b>TOTALS</b>			<b>21,471</b>	<b>85</b>	<b>\$1,192,447</b>	<b>\$8,706,371</b>	<b>\$2,530,887</b>

#### Recycling market development is working!

These 10 previously awarded, active projects benefited the Missouri economy and environment by achieving the following:

- Leveraging more than \$8.7 million in total investment
- Creating 85 Missouri jobs
- Diverting almost 21,500 tons annually from Missouri landfills
- The avoided disposal costs for the materials used in these projects combines to more than \$2.5 million each year.



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# Missouri Market Development Program

## Informational Services

### Working Toward Solutions

During the fiscal year, staff advised businesses on market conditions, locating recovered material feedstocks, determining markets, developing products and creating business presentations. Staff also responded to requests for information on marketing, planning assistance and markets for recyclables from governments and not-for-profit organizations.

The Missouri Market Development Program assisted businesses, governments, organizations and individuals in locating specific recycled-content products. For many years, the Missouri Market Development Program has produced a document-based Missouri Recycled Products Directory in which recycled-content products made or distributed in Missouri are promoted. This directory has been produced as an annual printed piece, on CD and available on the EIERA web site. Because products enter and leave the market randomly, it has not been easy to keep the document current and the document-based format is inconvenient for people interested in using it.

EIERA's long-time partner in several projects to promote the use of recovered materials, Bridging the Gap, built, tested and launched a web-based version of the directory at <http://missourirecycledproducts.com/>. Vendors can upload product descriptions and pictures for posting (upon EIERA review and approval), and the format provides the ability for users to access and search the directory online and via mobile devices.

Information sharing is an important aspect of the Missouri Market Development Program's efforts to help build Missouri's recycling infrastructure. The program provides resources and informational services to businesses, governments and other organizations to increase manufacturing, marketing or purchasing of recycled content products.

Missouri Market Development Program staff also promoted Missouri's recycling industry and the "buy recycled" message in speaking engagements and workshops and participated in state, regional and national recycling issue conferences and meetings.

Staff develop and maintain information for a Missouri Market Development Program web site ([www.eiera.mo.gov/mo-market-dev-program](http://www.eiera.mo.gov/mo-market-dev-program)) and continue to gather and refine information for future web publication. The web site enables businesses to download the Missouri Market Development Program Application for Financial Assistance and access other program publications and information.

During the fiscal year, Missouri Market Development Program staff supported and participated in state, region and nation-wide organizations and activities to gain and share knowledge and to develop professional relationships in the areas of recycling, economic development, solid waste and related environmental or business areas. Active involvement in these initiatives enables Missouri Market Development staff to approach problem solving from many perspectives and better facilitate growth of Missouri's recycling businesses.



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# Missouri Market Development Program

## Outlook

### Focusing on Opportunity

#### Economy

The economic benefits of recycling versus landfill disposal seem negligible at the front end, but as materials flow further downstream, the value of the commodity increases, as do the wages and skilled labor required to turn the commodity into an end product. Recycling is estimated to create nearly five times as many jobs as landfilling. The recycling industry is an elaborate and diverse network of public sector institutions and private industry. Recycling involves not only collection, but also processing and manufacturing. At each level, jobs are created, and income is generated. Recoverable material destined for a landfill is a leakage from the local economy.

#### Environment

The greatest environmental benefits of recycling are related not to landfills but to the conservation of energy and natural resources and to the prevention of air and water pollution when a recycled material, rather than a raw material, is used to make a new product. Using recovered materials in preference to virgin also helps stimulate Missouri's development of green technologies. The benefits of developing markets for recovered materials are found at every stage of the life cycle of a consumer product - from the mining of raw materials through its use and final disposal.

#### Challenges

Missouri has made great strides in recycling since 1990, but much of our recovered material continues to flow out of state, often to other countries where it is used in manufacturing products that are resold to the United States. According to the Department of Natural Resources, 1.9 million tons of recyclables are disposed of in Missouri landfills each year. End markets, particularly local end markets, for many materials simply do not exist.

#### Opportunities

The Missouri Department of Economic Development reports that Missouri exports of scrap exceed \$5 million annually. Recirculation of even a fraction of this within the state would have significant economic benefits for Missouri. Manufacturers that use recovered materials do so in lieu of feedstocks that are mined, harvested or extracted outside of the region. As a result, these businesses create jobs closer to home and have a smaller environmental footprint than companies that rely on raw material extraction. The Missouri Market Development Program acts to counter-balance foreign demand by developing local markets that will in turn create jobs and broaden the domestic tax base. Recycling market development feeds directly into building Missouri jobs, supports larger, private sector investments, promotes resource efficiency and spurs new technologies.

# EIERA

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