

Profits from Wasted Food

By Evelyn Lee

4/21/2008

WOODBIDGE — Two out-of-state companies are banking on the money-making potential of New Jersey's vast supply of food waste. Both businesses are looking to open recycling facilities in the state that would convert discarded food into for-sale fertilizer and compost products.

Boston-based Converted Organics is currently building the state's first major food-waste recycling plant at Bayshore Recycling's 55-acre "recycling park" in Woodbridge. The 60,000-square-foot facility is to open this summer in a renovated 300,000-square-foot building. Inside will be a floor where trucks will dump waste collected from supermarkets, restaurants, food processors and other sources, and processing equipment that includes two 150,000-gallon, stainless steel digester tanks.

To create its organic fertilizer, the company will employ a technology that uses microbes, oxygen and heat in the digesters to speed decomposition of the waste. Converted Organics says the process can turn the waste into fertilizer in 72 hours.

The \$20 million facility will be the first recycling plant that Converted Organics has constructed. The company has similar projects under way in Rhode Island and New York, and previously acquired two recycling plants in California. Converted Organics expects to process about 78,000 tons of food waste in Woodbridge to produce some 7,500 tons of dry fertilizer and 6,700 tons of liquid fertilizer per year.

Stock of the publicly-traded company, which was established in 2002, traded between \$10 and \$11 a share last week, above the midpoint of its 52-week range of \$2.14 to \$16.30.

Meanwhile, Peninsula Compost is seeking permits to build a food-waste recycling plant on a 60-acre site that it owns in Burlington Township. The two-year-old firm, which is based in Wilmington, Del., plans to manufacture compost from food waste and yard waste by using a process that includes placing a heat-inducing fabric over piles of the material for 28 days. The facility, which is expected to be in operation by 2009, will convert about 120,000 tons of food waste and 40,000 tons of yard waste into 100,000 tons of compost annually, according to Peninsula Compost. The company is developing a similar facility in Wilmington, Del.

"There is a tremendous amount of food waste available" in New Jersey, says Jack Walsdorf, chief operating officer of Converted Organics. The state produces about four million tons of food waste a year, much of which is exported by truck or train to other states, according to the National Solid Wastes Management Association.

Food waste falls into two categories: pre-consumer and post-consumer, according to Nelson Widell, a partner at Peninsula Compost, a 25-year veteran of the industry. Pre-consumer waste includes food spoiled or damaged in supermarkets and at food-processing or importing sites. Post-consumer waste is usually uneaten scraps from various establishments.

It's costly to throw away such waste. "New Jersey has probably some of the highest disposal costs in the country," says Widell. "The cost to dispose of waste has steadily increased over the years." Waste-disposal—or tipping—fees can run more than \$100 a ton in some counties, he says.

Converted Organics and Peninsula Compost plan to charge less than municipal landfills to collect

the food waste, and to sell finished fertilizer and compost products to users that include lawn and garden centers, golf courses, residential communities, brownfield developers and municipalities.

Walsdorf says Converted Organics' fertilizer will be priced competitively against chemical fertilizer brands like Scotts Miracle-Gro. "We believe we can sell everything we produce within 100 miles of our plant," he says, noting that the company has received at least a dozen purchase orders representing a good portion of its production.

Converted Organics and Peninsula Compost will help bolster the state's fledgling food-waste recycling industry, says Priscilla Hayes, director of the Solid Waste Resource Renewal Group at the Rutgers New Jersey Agricultural Experiment Station. The construction of large-scale facilities will help to create local jobs, she says, and the companies' advanced composting technologies will eliminate odors and other emissions that have caused some previous composting facilities to shut down in the state.

"Food waste is available 365 days a year," says Hayes. "We don't have to grow it. We don't have to produce it. It's already being made."

But firms that recycle food waste can encounter obstacles. Acquiring or developing these technologies often necessitates the backing of venture capitalists, who are more likely to invest in new businesses than banks but require a faster return on their investment, Hayes says.

Three other companies in the state now recycle or help to recycle organic waste material: Hamilton's Premier Management, which hauls food waste from 75 New Jersey supermarkets to Pennsylvania compost facilities or pig farms; Trenton-based Terracycle, which makes liquid plant fertilizer from worm dropping; AgChoice, a small composting facility in Andover that utilizes food waste and horse manure. Trenton Fuel Works, a startup, plans to produce biodiesel fuel made partially from food waste.

By recycling food waste, "we extend the life of landfills," says Walsdorf, of Converted Organics. "If you keep waste out of landfills, you don't close them as quickly. Closing them is a very expensive process." Moreover, diverting food waste from landfills reduces the production of methane, a greenhouse gas that traps 20 times more heat in the environment than carbon dioxide does, he says.

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