

# DISPATCH

## EC GROW

SETTING THE INDUSTRY STANDARD



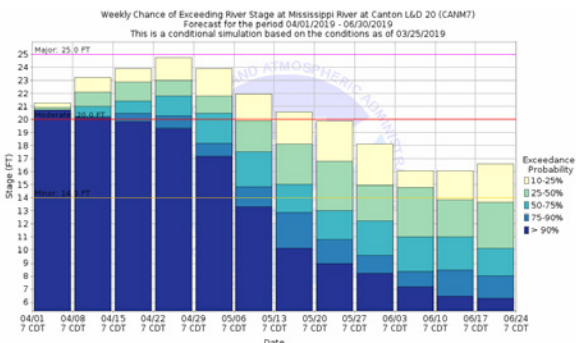
APRIL, 2019

### Effects Of The Long Winter Adding To Transportation Issues

For those of us that struggled through what-seemed-to-be Snowmagedden and Artic-like conditions, spring couldn't come early enough. Turns out that the Farmer's Almanac got this one right when they forecasted "Plentiful Snow" and "Biting Cold".

As we switched into high gear on fertilizer production, perennial challenges with transportation are now exacerbated with the upper Mississippi not scheduled to receive barge traffic until mid-May (normally open for traffic by mid-March). While nitrogen pricing at NOLA is lower than it was a year ago, longer hauls to move product, increased freight rates and trucking shortages are factoring into the supply and landing cost.

The biggest issue right now is Lock 20 (Canton, MO). This lock was scheduled for maintenance late March and was fixed, but the water needs to drop below flood stage before they can open the repaired lock. Based on the below forecast, and adding in expected precipitation, we have to wait until the week of May 6th before we have a decent probability of it opening.



### Demand for Biosolids Increases—Creating Shortages

Is there a Milorganite shortage? Yes. Demand for biosolids at both the retail and the professional market has put the Milwaukee Metropolitan Sewerage District in the difficult position to meet the growing demand. Inputs to their treatment facility coupled with an aging establishment shackle growth and optimization.

Ultimately, manufacturers and distributors are left scrambling trying to find alternative sources.

EC Grow made the difficult decision to source biosolids out of Illinois to meet our own demand but the down-stream effect of the Milorganite shortage have left other reclamation facilities scrambling to increase production to fill the void.

There are several companies that can offer biosolids to manufacturers and distributors; but quality and inputs can vary. One might receive a product that claims 6% nitrogen, but then future shipments may claim only 4%. Phosphorus claims may vary from 5%-10%. Inconsistency can lead to regulatory concerns and in the end, end-users suffer.

EC Grow has taken the position that regardless of where the source of biosolids comes from, we will not jeopardize quality or put our distributor partners in the uncomfortable position of dealing with regulatory concerns. Our biosolid source is committed to working with us by maximizing output (based on input volume) and continues to refine their processes to meet our growing demand.

### Mini MAP

As many of you know, the Henry, IL fertilizer production facility was recently sold. With new ownership comes new challenges. This facility is where we (and most of our competitors) sourced some of the best Mini MAP and Greens Grade MAP in the country. The new ownership has decided to step away from the Phosphate business and focus on Sulfate.

With that said we are continuing to look for other reliable and quality sources that we can purchase small sized Phosphates from. We have a few options and are working through the possible opportunities. What we do know is that these possible opportunities will be more expensive and will have a different analysis. Your salesmen will be in touch with what our options are moving forward. We appreciate your patience.

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