



'THE RIGHT' STUFF



With More Than 60 Years of Doing Business on the Waterfront, Hallett Dock Co. Continues Providing Innovative Transportation Services

BY PATRICK LAPINSKI

Versatile, efficient, responsive, customer focused, employee-owned. These adjectives are all hallmarks of the daily operational focus of the Hallett Dock Co. of Duluth, a company in the business of supplying the right combination of transportation options to serve the needs of its customers.

Hallett Chairman Jerry Fryberger traces the origins of the company back to Iron Range entrepreneur Ernest Wilbert "E. W." Hallett. Around 1911, Hallett opened a small hardware and furniture store in Crosby, Minn. These humble beginnings changed dramatically when Hallett got into the concrete paving and washed aggregate business in 1918, founding the Hallett Construction Co., operated out of Ankeny, Iowa.

Hallett grew his business by owning and operating quarries, building highways or providing construction grade road materials across the Iron Range and Upper Midwest. And Hallett's vision was prescient. He believed strongly in an employee-owned model of business. He encouraged and empowered the development of ideas, leading to the start of many small, ancillary spinoffs of the Hallett Construction Co.

In the late 1950s, Turk McGiffert, one of Hallett's Duluth employees (whom Fryberger described as "a real spark-plug") came up with an idea to open a maritime dock in the Twin Ports. Hallett wasn't particularly interested in being a majority shareholder in the company, Fryberger noted. Yet, he allowed McGiffert and Cliff Grindy to give it a try.

"He just always loved business, and he always wanted the employees to own it," said Fryberger, recalling his experience with Hallett. "So he would get it started, but then he made sure that slowly but surely, he shed his ownership and got the employees to buy it. So that's how it started in 1959

and it's been flourishing ever since." The employee ownership model used by Hallett brought tremendous energy, and a vested interest in doing a good job, to everyone in the company, Fryberger said.

Hallett Dock's original location was at Dock 7, situated near 50th Avenue West and the St. Louis River, a property it leased from the Pinney Dock Co. of Cleveland. The company then acquired the adjacent Dock 6 from the Interlake Iron Co. In those days, Hallett employees off-loaded limestone from ships using travelling bridge cranes before reloading the cargo into rail cars for delivery to the big steel and cement plants in Duluth's Morgan Park area. It could take days to unload a ship; it was hard, time-consuming work.

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Fryberger joined the company in September of 1964. "When we started, it was starting out on the ground floor. We had to acquire the properties, which we did over time, and then we had to come up with a whole product base - and that was because there was very little," he explained. In some way, shape or form, Hallett Dock has always served the mining industry, but for a short period, he noted, the company even stored and loaded government surplus grain, as well as cement, inside a large transit shed on Dock 7.

Looking back, it was a challenge, Fryberger said: "The cement plant closed down and the steel plant closed down, and we continued to survive and handle different products." Realizing they could not create a need for products they had no control over, the Hallett team reassessed their operations, focusing attention on their own assets and divesting themselves as much as possible from the ups and downs of



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— HALLET DOCK CO. CHAIRMAN JERRY FRYBERGER

the steel industry. They increased efficiency with new loading equipment, upgraded materials handling systems and invested in the dock infrastructures to handle Seaway draft vessels with the goal of providing multiple combinations of rail, highway and water transportation for their clients.

Around 1995, things really began taking off for Hallett Dock Co. Today, there is no other operation like it on the waterfront. "The companies want to come here because they know that we're reliable," said Fryberger. "We've got the assets — and then we've got the people, the management."



"Hallett currently operates two maritime docks, 5 and 8," said President Mike McCoshen. "Docks 5 and 8 are directly across the river from each other and are the two westernmost, full Seaway draft facilities on the St. Lawrence Seaway system." In total, Docks 5, 8 and the recently reactivated Dock 6 encompass over 100 acres of flat ground storage, with an additional capacity for 20,000 tons of indoor storage at Dock 5 and 2.1 million gallons of liquid storage at Dock 8.

McCoshen is a lifetime Superior, Wis., resident who started working on the waterfront in the fall of 1976 as an equipment operator with BN's Allouez Taconite facility. "I worked my way through the ranks until being named manager of taconite operations in 1994 and then terminal manager in 1996 following the merger of BN and the Santa Fe," McCoshen said, describing his long history in the industry. In May of 2000, he joined Hallett Dock as general manager and was named president in March of 2007. "So with that being said, and doing some quick math, I have over 40 years' experience handling bulk materials on and off vessels here in the Duluth/Superior harbor," he said.



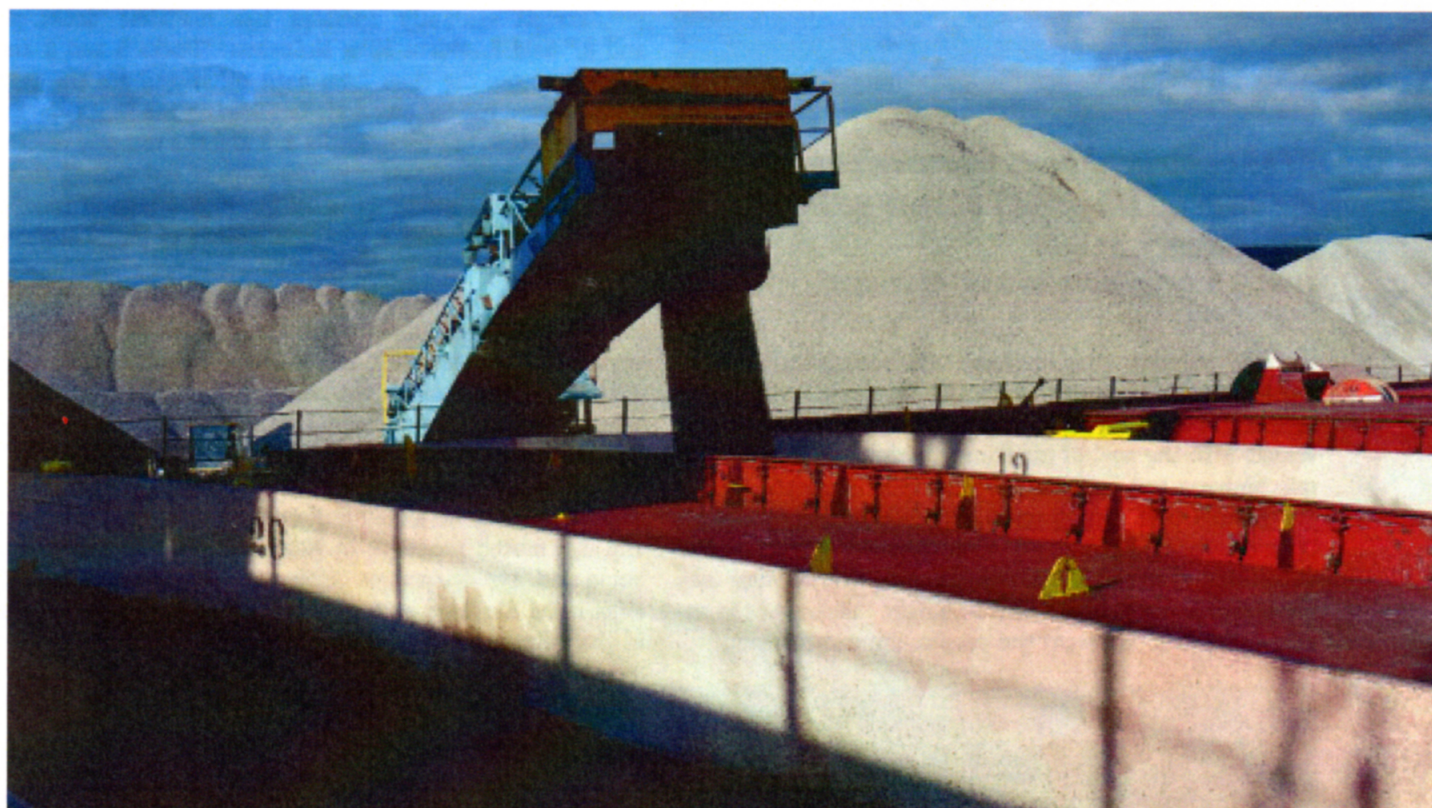
Hallett Dock 5, located at 37th Avenue West and the St. Louis Bay, is the company's central hub of operations. The property was previously home to the M. A. Hanna Co. coal dock. With the pending closure of its steel plant, M.A. Hanna decided to sell the dock, which Hallett purchased around 1966. The east side is where self-unloading vessels discharge inbound cargoes such as limestone, or vessels are loaded with export product like blast furnace trim and petroleum coke.

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Assistant Port Manager Chad Hewitt of CN. “Throughout the vessel shipping season they receive the stone, store it on their facility, and then load it on railcars headed to our customer as needed throughout the year,” Hewitt said. At Dock 5, Hallett loads 57 railcars per day for delivery to U.S. Steel’s Minntac operation in Mountain Iron. “Flexibility is vital in our supply chain as CN meets the needs of our customers,” said Hewitt. “Hallett can offer that to us. Often, changes to our scheduled shipping/train movements can result in a few hours’ notice. Hallett has been able to work within that time frame consistently.”

Putting together the right combinations of water, rail and truck transport to meet customers’ needs is key to Hallett Dock’s operations. An example of this is the storage and shipping of ore fines for CN (fines are broken or



On the west side of Dock 5, Hallett has a train dumping station and a small rail yard where locomotives piece together unit trains for customers like the Canadian National Railway (CN). Seventy-five percent of the materials handled here arrive by ship and go out by rail, says McCoshen. The remaining portion arrives by rail or truck and is loaded onto ships.

Hallett handles about a million tons of cargo annually for CN. The Duluth ore dock is a vital link in the supply chain of natural resources for CN between northern Minnesota mining interests and the Great Lakes steel producers, serving customers like ArcelorMittal, U.S. Steel Corp. and Cliffs Natural Resources Inc.

Assisting in CN’s mission, Hallett Dock Co. provides short-term storage of limestone for transshipment to the pellet manufacturing facilities of northern Minnesota, says

irregularly-shaped pellets that didn’t meet customer quality control standards, Hewitt explained). “This process involves off-loading the rail cars, storing the material until the volume will make a boat’s cargo and then loading it into the vessel,” he said.

In addition to limestone products, Hallett Dock handles a wide variety of other bulk commodities such as coal, a ubiquitous product used for industrial processing and heating at taconite plants on Minnesota’s Mesabi Range. Another product in this import/export cycle is petroleum coke (petcoke), a solid, black-hued carbon byproduct of crude oil refining that looks a lot like dirt. Petcoke arrives by rail from the Phillips 66 refinery in Billings, Mont., and is shipped by water to customers throughout the Great Lakes, such as the LaFarge cement terminal in Bath, Ontario.

routes - again, those right combinations this company adeptly makes available to serve customers. Dock 8 in Superior is Hallett's main hub for the distribution of road salt as well as calcium chloride, a liquid product used by a wide variety of industries for dust suppression. Reynolds likes the turnkey service Compass Minerals gets from Hallett, especially during the critical late-season snow event months. "Because of their deep-water port, they're able to handle large vessels from our mine in Goderich, Ontario," he said. "They meet our EPA requirements for safe salt handling."

Having the right tools to do the job is critical for moving products safely and efficiently, especially in seasonal environments that can be downright hostile. Equipment durability is critical to Hallett Dock, and increasingly, so is the high-tech sophistication that is making its way into the industry. "Our front-end loaders all have computers in them with capabilities similar to today's cars, and they all have computerized bucket scales," said McCoshen. "We have computerized truck weighing scales capable of giving real time inventory information to offices in Chicago, Cleveland and Kansas City for our road salt customers." The company also uses drones as a way to quickly and accurately measure stockpiles.

"Hallett Dock receives our mined bulk salt via lake vessel and stores the salt until it is requested by our customers," Reynolds said. "They provide the loader equipment and manpower along with the scale personnel to weigh and print delivery tickets. They contact the customers to develop delivery schedules. They provide great customer service."

CN's Hewitt also likes the level of commitment and service they receive. "Hallett has continued to deliver a superb level of service to CN and our customers," he said. "That is one of the main reasons that we keep returning to them to

complement our supply chain." It's a partnership that goes well beyond just moving cargo, he added: "Hallett has also been open to working with CN through the years - from listening to ideas and proposals, assisting CN in developing plans for our customers to just having great communication between the companies."



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— HALLETT DOCK CO. PRESIDENT MIKE MCCOSHEN





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SENIOR MANAGER OF LOGISTICS LONNIE REYNOLDS, COMPASS MINERALS

Interestingly, among the many products Hallett Dock handles, the company only buys and resells one: a large, angular-shaped limestone (3 inches by 5.5 inches in size) quarried in Rogers City, Mich. Hallett receives the limestone by ship, rescreens it to remove any particles smaller than three inches and then transports the limestone by rail to a customer in Wahpeton, N.D., said McCoshen, where it is "put into a kiln to make a milk of lime and is then used in the purification process of turning sugar beets into sugar."

In the early 2000s, the company was forced to sell Docks 6 and 7 back to their former owners or successors when those docks became part of the St. Louis River/Interlake/Duluth Tar State Superfund (Stryker Bay) site remediation – a project to remove legacy contamination left behind from the production of pig iron, petroleum coke, roofing tar and other chemical-based products. The move forced Hallett to consolidate its operations from four docks down to two: Dock 5 in Duluth and Dock 8 in Superior, purchased in 1995 in anticipation of the closing of the West Duluth docks.

The move to Superior was actually beneficial, providing Hallett Dock access to a second, full Seaway draft dock. Funding from a Wisconsin Harbor Assistance grant, coupled with investments by Hallett, resulted in substantial upgrades to the property, including new dock walls, channel dredging, liquid storage tanks with a 2.1 million-gallon capacity and new, automated truck scales.

Dock 8 primarily handles three products: limestone for the beet sugar industry, liquid calcium chloride and road salt. "One hundred percent of the materials are received by ship/barge and are loaded out onto rail and truck," said McCoshen. And fall is the busiest time of the year for Hallett's Julie Porter, the manager at Dock 8. This is when road salt arrives for stockpiling and distribution during the winter for customers like Compass Minerals.

Anybody who has lived through a winter in the Northland understands the value of road salt. Supplying salt for local municipalities like the City of Duluth is a major part of Compass Minerals' operations on the Duluth waterfront. "From consumer deicing and water conditioning salt, to bulk deicing for highways and mineral blocks for livestock, the Duluth plant manages raw materials from our locations across the U.S. and Canada," said Lonnie Reynolds, Compass Minerals' senior manager of logistics, from his office in Kansas City.

Reynolds says Compass Minerals first connected with Hallett Dock over a decade ago. "We were looking for additional space to distribute into a growing market. We were already using the services of another third party bulk depot in Duluth," he explained. "After the first year of using Hallett's services, we were ready to extend a multiyear offer."

A big factor for Compass Minerals is Hallett's two waterfront locations, plus its access to rail corridors and truck



Dock 8 Manager Julie Porter

Compliments from clients don't come without the hard work that goes on daily at Hallett Dock. No matter the product or how difficult the job, the company never loses sight of its truly biggest asset: its people.

"The real reason for the growth we have is our people and the employee ownership aspect of Hallett; this is the key," said Fryberger. "When Mike McCoshen and Clyde Jago [superintendent] and Steve Sykes [controller] talk, let's say, to United Taconite, or when they talk to U.S. Steel, the customer knows that they're talking to the owners. They don't

have to go through a bureaucracy and they know they can make a decision. They know they're going to get an answer that's best for them."


Hallett has a staff of about 25, most of them longtime employees. This employee-owned company sees very little turnover. It's a dedicated, flexible and loyal staff that also wears many hats. In an industry that literally works around the clock, Hallett employees match their customers step for step to meet their needs.

And that high level of service is noticed and appreciated, says Compass Minerals' Lonnie Reynolds. "Hallett Dock provides excellent service to us and courtesy to our customers. Hallett's willingness to adopt new technology as our business evolves is key to our partnership," Reynolds said. "Every employee's can-do attitude and respect is immeasurable." CN's Chad Hewitt echoes those comments as well, noting that Hallett employees have "a great work ethic, the ability to adapt to change, plus they are open and willing to work with their customers to solve problems."

When it comes to these relationships, the company is "old school," said McCoshen. "We believe customer relationships are long-term. We look at it as more of a partnership; the relationship has to be good for both parties. We have been serving most of the same customers for decades. We still do some things on a handshake."

The company founded Hallett Railroad Storage & Services LLC in 2016.

While it's "old school" in the right way, Hallett Dock is also forward looking. In the growth-minded spirit of founder E.W. Hallett, the company founded Hallett Railroad Storage & Services LLC in 2016, a joint venture with Duluth-based North Shore Track Services Inc. It is initially providing cleaning services and storage for railcars, with the potential for ancillary services such as repair, transloading of materials and scrapping of old railcars. This venture is nearing completion of the first part of a three-phase upgrading of Dock 6 in West Duluth that includes the addition of more than 35,000 feet of new or relay rail lines.

After nearly 60 years on the waterfront, Hallett Dock Co. continues to invest in the future. "We are here for the long-term," said McCoshen. And for customers who rely on the company's reliable, efficient transportation services, that's good news. 

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