

BY PATRICK LAPINSKI

RECYCLING for INDUSTRY

AZCON METALS PROVIDES SCRAP PROCESSING, BROKER AND MILL SERVICES MANAGEMENT FOR STEEL MILLS, FOUNDRIES AND INDUSTRIAL COMPANIES



When you step outside the office door at Azcon Metals, you're in the territory of Dan Parsons – the yard.

"Every piece of incoming material, all the labor associated with turning that material into a sellable commodity, and loading those commodities with customer-specific 'recipes' for transport all falls under my responsibility," said Parsons, who's the yard operations manager.

As a metals recycler, Azcon handles a variety of materials that can be broken down into two primary categories: ferrous (steel and cast iron) and nonferrous (aluminum, brass, stainless steel, copper). Those two categories are further segmented within the yard,

based on each commodity's specific parameters, Parsons noted. Materials meeting customers' size and chemistry specifications are sorted into one pile, while those needing to be properly sized are directed to another.

That part of the operation starts with a state certified scale. After materials pass through a radiation detector, they're inspected, graded and weighed by

Azcon's scale master and sent to their appropriate locations. Nonferrous metals are sorted, weighed again and prioritized by one employee in the yard whose sole job is to maintain accountability of those grades. Ferrous materials are graded by size and directed to either a "prepared" pile or to the burn spread, where employees reduce large-size materials to prepared pieces ready for marketing. Customers receive a weight ticket and payment for their material after it's inspected and weighed. Azcon also operates a large hydraulic shear and mobile shear mounted on a piece of equipment to efficiently cut apart larger materials.



“What the SMART program provides for a steel mill is that Azcon has the exclusive right to buy 100 percent of their scrap ... We handle it, we inspect it, we inventory it and we deliver it when they need it.”

– VICE PRESIDENT AND GENERAL MANAGER LYNN BERGSTEDT



A FEW HISTORY HIGHLIGHTS – SINCE 1863

Azcon dates back to 1863, when Joseph Block started a company in Cincinnati to buy and sell surplus rail. Two years later, he and Emil Pollack formed the Block and Pollack Iron Co., concentrating on handling surplus rail generated by the end of the Civil War. The company moved to Chicago in 1884. Shortly thereafter, two future owners joined the business – Joseph Hyman, rail buyer, and Joseph Michaels, night watchman at the Chicago scrapyards.

In 1893, Block established a related venture, a mill that rerolled used rail into other steel products, that was incorporated as Inland Steel.

The company's long history of international business dealings started in 1905, when it purchased the bulk of scrap generated in Cuba during the Spanish-American War.

In 1911, Block and Pollack Co. was dissolved and the Hyman-Michaels Co. was formed as its successor. The company expanded its base in 1915 by opening a scrap processing yard in St. Louis, Missouri.

The company's prominent position in the scrap industry was recognized during World War I, when Michaels was appointed head of the War Industry Board's Scrap Division. After World War II, the company established a depot in Brussels, Belgium to liquidate rail stockpiled by Allied forces.

In 1962, Hyman-Michaels purchased Duluth Iron and Metal Co. to leverage scrap export opportunities

From Parsons' perspective, his job provides him with the best of both worlds. He has an office and managerial responsibilities – but he also works outside. "I'm still out in the mud; getting my hands dirty with my crew and keeping things on track," he said. "But at the end of the day, I can sit back and know that we got that done, as opposed to 'I just pointed and stayed warm while they did all the work.'"

That feeling of satisfaction – of getting the job done – is what motivates the staff at Azcon Metals.



that developed after the St. Lawrence Seaway opened in 1959. It became the first major scrap exporter from the Great Lakes, at one time operating its own fleet of ships.

In 1976, Hyman-Michaels was purchased by Consolidated Gold Fields, which also bought The Deitch Co. Azcon Corp., a Division of Blue Tee, was created in 1982 through a merger of Blue Tee, Hyman-Michaels Co. and The Deitch Co., (which was located in Sharpsburg, Pennsylvania). Azcon Metals became the largest subsidiary of this merger.

SEVEN LOCATIONS TODAY

Today, Azcon Metals has seven locations: Chicago, Illinois (headquarters and trading and a processing yard); Duluth (mine services, processing and trading); Sterling, Illinois (mill services and processing); Fairmont City, Illinois (processing and trading); Naples, Florida (trading); and El Paso, Texas (rail services).

MINING INDUSTRY SERVICES

In Duluth, Azcon focuses on serving the Northland's mining industry through scrap processing, trading and brokerage. Regional Trading Manager Nate Popkin is Azcon's main scrap buyer and splits his time between the Duluth office and customer



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— REGIONAL TRADING
MANAGER NATE POPKIN

locations assessing materials. “We provide scrap management services to our industrial accounts, such as on-site scrap cutting, material handling and transportation,” he said. Azcon employees use mobile magnets to load trucks that haul the scrap generated by these customers and sometimes assist mines with on-site demolition and cleanups as well.

When industrial companies, such as the mines in Northeastern Minnesota, have a maintenance outage





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– YARD MANAGER
DAN PARSONS



and are installing new equipment, “They remove the old equipment and we handle it from there, so it can be removed and recycled,” Popkin explained. He also decides whether it must be cut up so it’s small enough to be handled and placed on semitrucks, or whether it can be loaded as is. He then facilitates transportation from the mining company’s site to Azcon.

Popkin also works with railroads, local paper mills and industrial companies in the region. “Typically, I work within a 100-mile radius of Duluth,” he said. “I’ll help our industrial accounts set up a system to separate some of the obvious items. Some customers generate several different types of metal, and my job is to help them maximize the value by identifying and sorting higher-value material”

INDUSTRIAL CUSTOMERS IN DULUTH

Several of Azcon’s large industrial customers are located in Duluth including the ME Global foundry (part of the ME Elecmetal company, which is the leading supplier of integrated wear solutions for mining, construction and industry) and BendTec. In fact, both companies are located just down the street from Azcon’s scrapyards.

BendTec is a pipe vendor and fabrication company. “What we buy is 40-foot-long or different length material, and then we’re selling [to Azcon] unusable drops from our process,” said General Manager Jeff Schliep. “There’s always excess material – like when you build a deck. You’re always going to have pieces that you don’t need.”

In today’s market, scrap steel is valuable, and recycling it provides a way to recoup some of the value of the product while simultaneously removing waste

"[They] are just your regular Duluth residents that have some scrap metal to get rid of. It's very interesting."

– ACCOUNTANT WENDY SCHULTZ



"If we didn't have an outlet to sell it, we would just have a bunch of garbage, basically," Schliep noted. "Azcon is our outlet to market it. Part of what we're moving over to him [Nate Popkin] right now is over a million pounds of alloy material – P91." P91 is a chrome-moly alloy metal that provides excellent strength and temperature resistance.

"Material and alloy piping has gone up, just like stainless and everything else," Schliep added. "In the current market, everything's worth a lot more."

PENT-UP DEMAND

Schliep is right on the money in his assessment of the current market. Much like the oil and gas industries, the domestic scrap steel and metals markets

from customer sites. It's really a win-win situation for both Azcon's customers and for the environment – the ultimate "reduce, recycle and reuse" philosophy for industry. Also, producing new steel from recycled content requires 60 percent less energy and reduces carbon dioxide emissions by 58 percent compared to producing it from virgin materials. While many in the public talk about the need for more green jobs, the scrap recycling industry has already been creating these well paid and environmentally friendly jobs for decades. The industry also plays a prominent role as an economic leader and job creator.

ride the fluctuations of the world economy, and it's driven by the timeless law of supply and demand. Currently, pent-up demand for ferrous metals has pushed the price of scrap steel to its highest levels since 2007-2008, based on recent statistics from the Pittsburgh-based MSA (Metropolitan Statistical Area). And the turmoil caused by the war in Ukraine is already having strong short-term impacts. Figures compiled in March by the Raw Material Data Aggregation Service (RMDAS) show a 34.7 percent increase per ton of ferrous scrap over the previous month's trading period of January 21 to February 20.





SELLING AND BROKERAGE SERVICES

Purchasing scrap from industrial companies and the public and preparing it to meet the specifications and demand of steel mills and foundries that remelt it into new products is one of the core services Azcon provides, said Vice President and General Manager Lynn Bergstedt. The Duluth facility is one of seven locations that process, trade, sell and provide mill services to steel mills and foundries in the U.S. and Canada. Bergstedt works directly with mills and other processing companies around the country daily to keep on top of demand and prices.

Bergstedt, who's been with Azcon since 1975, is widely respected in the scrap industry and has broken many barriers for women in her profession. "The scrap industry has a trade association called the Institute of Scrap Recycling Industries Inc. I had the honor to be appointed as a board member of the ISRI Northwest Chapter for 10 years, working my way up to chapter president," she said. "One thing I was proud of is the fact that I was one of very few women in this industry at my level. It's come a long way since then, and now there are a lot more women in this business at higher levels."

As the main seller for Azcon, Bergstedt has years of experience and expertise to track and weather fluctuating market conditions. "Ferrous sales are done pretty much in the first week of any given month," she explained. "That's

when mill/foundry prices are established, so it's kind of a flurry in the beginning of a month to ensure you sell the inventory that is currently ready and also what you will process in that month. The nonferrous that we buy is a little different, as it's a commodity we can sell throughout the month."

All of that depends on prices and how much material can be transported, she added, because Azcon needs to secure enough rail cars. "Ninety-nine percent of our material moves by rail cars," Bergstedt said. "Very little material moves by truck, obviously, because the steel mills are too far away and a railcar can transport 90 gross ton per car versus a truck that can hold 18 gross ton." About 37 percent of the nation's steel-making companies are located in the Midwest, 35 percent in the South, 16 percent in the Northeast and 12 percent in the West.

"Azcon also exports materials, and we're lucky to have wonderful support companies like Valley

Worldwide Logistics and Duluth Cargo Connect working with the CN Intermodal ramp – all of which are just down the road from our facility," Bergstedt noted.

Azcon also has a program called SMART (Scrap Management and Related Transportation) that provides an efficient way to work directly with steel mills to manage their scrap.

"What the SMART program provides for a steel mill is that Azcon has the exclusive right to buy 100 percent of their scrap for them," Bergstedt explained. "We handle it, we inspect it, we inventory it and we deliver it when they need it." As an example, she noted that Sterling Steel in Sterling, Illinois, is a company for which Azcon is the exclusive supplier of scrap for its steel mill. She added that customers utilizing this service usually have a scrap storage yard at the mill.

Azcon is large enough to have relationships directly with most steel mills. However, smaller

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companies with smaller quantities of scrap will also sell to a steel mill through a broker such as Azcon, Bergstedt noted. "We also do a lot of brokerages into steel mills; that's another part of my sales in any given month. I have customers that offer material to sell, and then I offer that to the steel mills," she said. "So for a brokerage fee, we do all of the work associated with purchasing and selling of their materials." The materials, in these cases, are transported directly from their point of origin to the steel mill customer.

SAFETY-CONSCIOUS YARD WORKERS: "AN INCREDIBLE GROUP"

Azcon Metals' Duluth facility currently has a staff of 17. The crew based at the office includes Bergstedt, Popkin, Parsons, the scale master, the administrative secretary and Accountant Wendy Schultz. All of the yard crew employees are members of Teamsters General Local Union 346.

Bergstedt is clearly proud of employees' adherence to stringent Occupational Safety and Health Administration and Mine Safety and Health Administration regulations and practices. She's also proud of their loyalty. "Our yard workers are an incredible group," Bergstedt said. "They've been here a long time and know their jobs very well."

"Safety is our top priority in everything we do up here," Parsons added. "We've got locomotive cranes moving around, hydraulic equipment moving around, heavy lift equipment lifting things up and overhead, trains moving on the tracks – everything of that nature." Part of the company's rigorous safety culture includes wearing personal protective equipment items such as hardhats, safety glasses, steel-toed boots and respirators for the burners, Parsons said. "But it's also drummed into everybody that your head has to be on a swivel all the time," he emphasized. "You have to pay attention to what's going on." He is proud of the fact that at the end of the day, everyone goes home safe.

In addition, the company's scale has a radiation detector. Everything coming in and out of the facility goes through it, so Azcon can assure that its customers are not receiving any radioactive scrap.

AREA RESIDENTS ALSO SELL SCRAP

Accountant Wendy Schultz has been with Azcon for 10 years. When she and the administrative secretary work with customers, they're in direct contact with the scale master. "His job is so important; I think he does a good job," she said. "When you think about quality assurance, when you think about accuracy of the paperwork, he's the frontline for that. We also have to be specific and adhere to the Minnesota Scrap Theft



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— CUSTOMER JEFF SCHLIEP,
GENERAL MANAGER-BENDTEC

Law that took effect in 2013.” This specificity also applies to verifying the type of metal. “For instance, if someone comes in with aluminum, it’s verified so we can pay the customer correctly,” she said.

Schultz also meets many customers “who are just your regular Duluth residents that have some scrap metal to get rid of. It’s very

interesting,” she said. That’s because Azcon provides a valuable service for community members who are cleaning out garages or family estates. “We’re probably 85 to 90 percent industrial,” Bergstedt explained. “However, we also do retail scrap. We have a lot of customers that are very loyal to us. We pride ourselves in having honest prices, certified

scales and helping people to get the best price for their material.”

“Maybe they’re cleaning out their grandfather’s farm,” Schultz added, “so they stop in and ask where to go. Then you see like a tractor seat or something like that. I really enjoy talking with the people and finding out some of the history of where these products came from. They’ll tell you about their families, and it’s a lot of fun.”

Another interesting (and much bigger) project is scrapping the steamer J. B. Ford – the remains of the oldest ship on the Great Lakes. For the past year, nearly the entire 440-foot-long ship has been broken down into pieces of scrap that will find new life.

With such a wide array of customers and projects, it’s clear that for the Azcon Metals team, it’s never just another day at the yard. **Q**

Patrick Lapinski is a freelance writer who grew up in Superior.

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— Laura Mullen, Bent Paddle Brewing Co.

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