

## **BLUFF CITY STEEL WILL EXPAND CAPACITY WITH 56-WORKER OHIO PLANT**

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Bluff City Steel LLC of Memphis said Friday it is investing \$8 million to buy a Maple Heights, Ohio-based steel-processing plant that will more than double the company's capacity.

The move comes despite a high rate of bankruptcies in the steel industry because of low steel prices and a slowing economy. Joe Higdon, chief manager and a principal of the company, said his company has continued to remain profitable in the recession and would likely grow more quickly in Memphis as a result of the acquisition.

Bluff City Steel, founded in 1996, is buying the assets of Metal Processing Corp., which had been placed in receivership by its creditors. The company's bid was approved by the Court of Common Pleas of Cuyahoga County, Ohio, on Wednesday. "The company got a good value for what it purchased, partly because of the current environment in the industry," said Jason Wexler, a Memphis attorney who helped put the deal together. Closing is expected early next year, and First Tennessee Bank is the lender, Wexler said.

Bluff City Steel has 50 workers at its two steel operations in Memphis, where it processes bar rod and wire steel for the fastener industry. Higdon said the Ohio plant is used for the same type of processing. The plant is being renamed BCS Metal Prep LLC and will become a wholly owned subsidiary of Bluff City Steel, he said. The company plans to hire the 56 workers at the plant. The factory had employed 180 workers at full operation, and many of those workers may be rehired, Higdon said.

The plant has a capacity to process about 300,000 tons of steel a year but is processing only about 130,000, he said. "We intend to put this place (the Ohio plant) back together, and at the same time, it will complement the Memphis facilities," Higdon said. In Memphis, the company has a capacity to process 125,000 tons of steel at 949 Channel and 1175 Harbor on Presidents Island. It is processing about 85,000 tons of steel a year. In the long term, the additional business could mean adding workers in Memphis, Higdon said. That's because the Ohio plant, which has focused 100 percent on the automotive industry, already ships to auto supply makers in the South.

Higdon said some of the auto business would be shifted to the Memphis operations, which would cut down on transportation costs. The Memphis plant has survived the slowdown because of its diversity, with only about 18 percent of its steel going to the auto industry, he said.