Impact of MDOT's Freight Economic Development Program

The Michigan House of Representatives – State & Local Transportation Committee

June 10th, 2026

Lake State Railway

Excellence in Transportation

Lake State Railway - Overview

- Started in 1992 with acquisition of former Detroit & Mackinac Railway (D&M) lines in northern Michigan.
  - *Lines with years of deferred maintenance and diminishing customers and traffic.*

- Tremendous traffic growth and growth in rail network.
  - 2005: 67 miles from CSX
  - 2018: lease 4-mile line from Canadian National in Port Huron
  - 2019: 55 miles from CSX

- To date:
  - Nearly 400 route-miles
  - ~ 60,000 carloads per year
  - ~ 150 employees
  - ~ 30 locomotives

Engineering Projects

- **Extensive capital – funding challenges**
  - Significant infrastructure improvement needs on north end of system
  - Growing traffic – needs often outpacing capital availability
  - Ensure infrastructure is suitable ahead of traffic growth (minimize risk, work window constraints)
- **Key Goals**
  - Safety
  - Establish consistent tie renewal program
  - Rail replacement
  - Elimination of hard-to-source materials (turnouts)
  - Train control signal upgrades
  - Crossing rebuilds

Rail Access

Direct Rail Access

- Rail shipper/receiver with sole-use, dedicate rail spur

Transload

- Multi-user facilities either run by railroad or 3rd party
- Good for rail users will lower volumes who can't justify investment on their own.

ARAUCO North America

Grayling MI

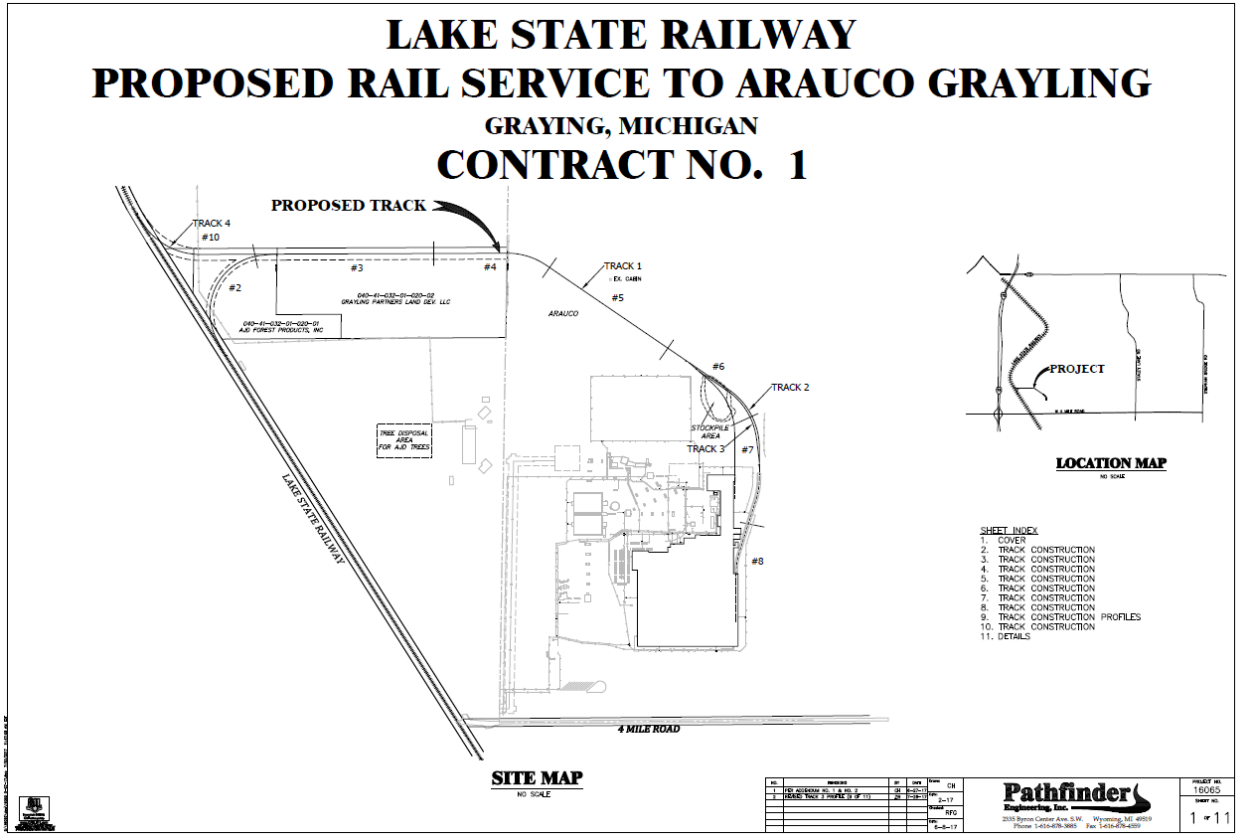
Total Project Cost: $2,470,000.00

Description: The project involved construction of 2-miles of track to service the mill, allowing for outbound shipments of particleboard and inbound shipments of resin.

Major Benefits:

- Significant reduction in expected truck volumes – planning stages of facility did not include rail. With LSRC involvement, a possible 10% market share of outbound transportation. Today, rail is at nearly 40% of outbound market share.
- Elimination of short-haul trucking.
- Massive job creation in Grayling area (direct and indirect).
- Strengthening of area for further economic development.

ARAUCO North America (continued)



Thank you for your time

Sean Pengelly, P.E.
Director of Industrial Development
Lake State Railway Company
pengellys@lsrc.com

Edw. C Levy Co / Specification Stone Products

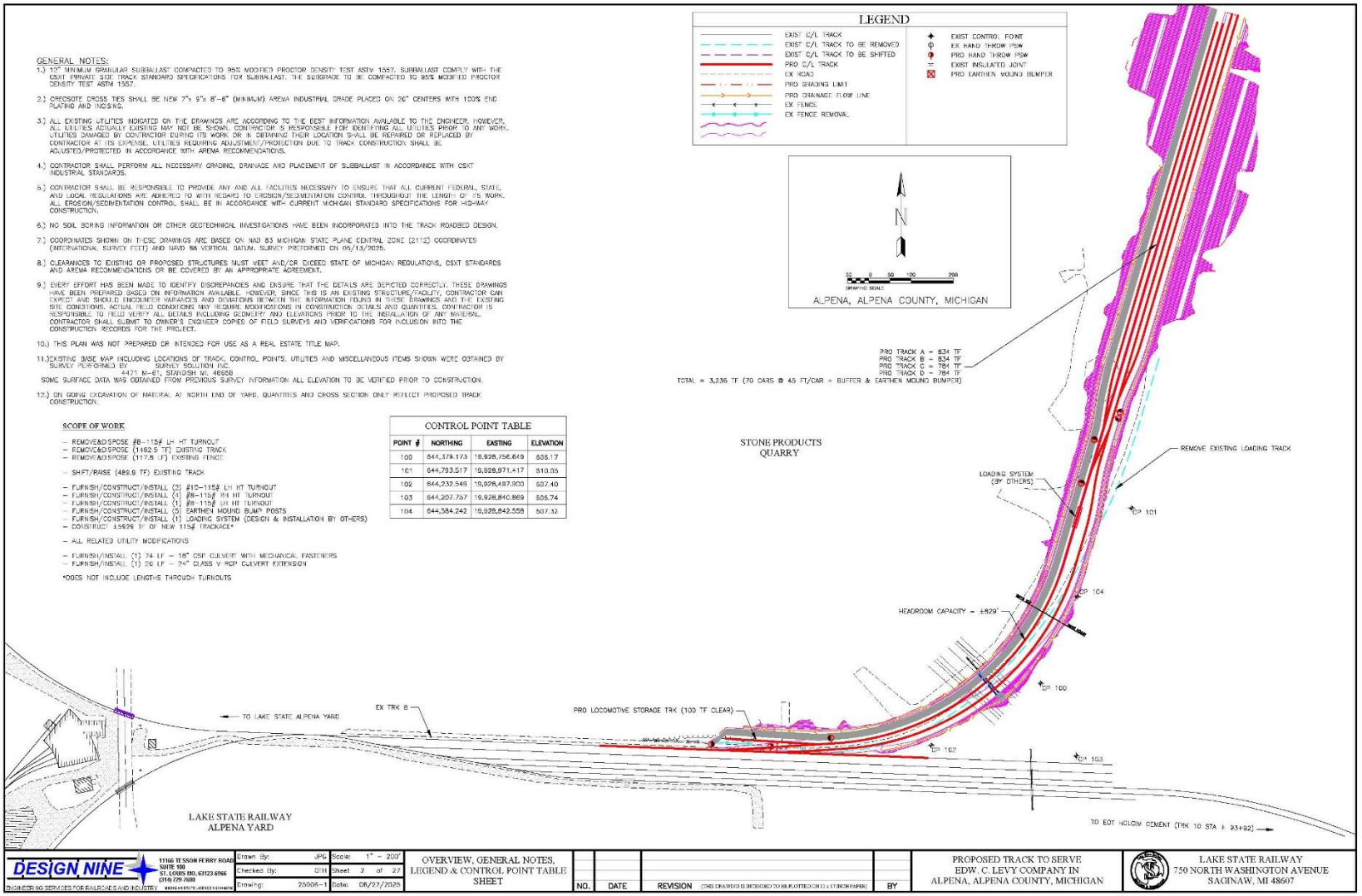
Alpena, MI

Description: Project reconstructed aging rail infrastructure with expanded rail loading terminal to support expanded limestone aggregate mining operations. Railcar capacity quadrupled and efficiency was increased with railcar loading system (compared to use of front-end loader).

Major Benefits:

- Grant-supported work helped justify continuation of mining operations at Alpena for decades to come.
- Ensure stable supply of quality limestone aggregate for construction projects in central and southern Michigan.
- Ensure supply is met without added truck traffic.

Alpena Terminal (continued)



Alpena Terminal (continued)

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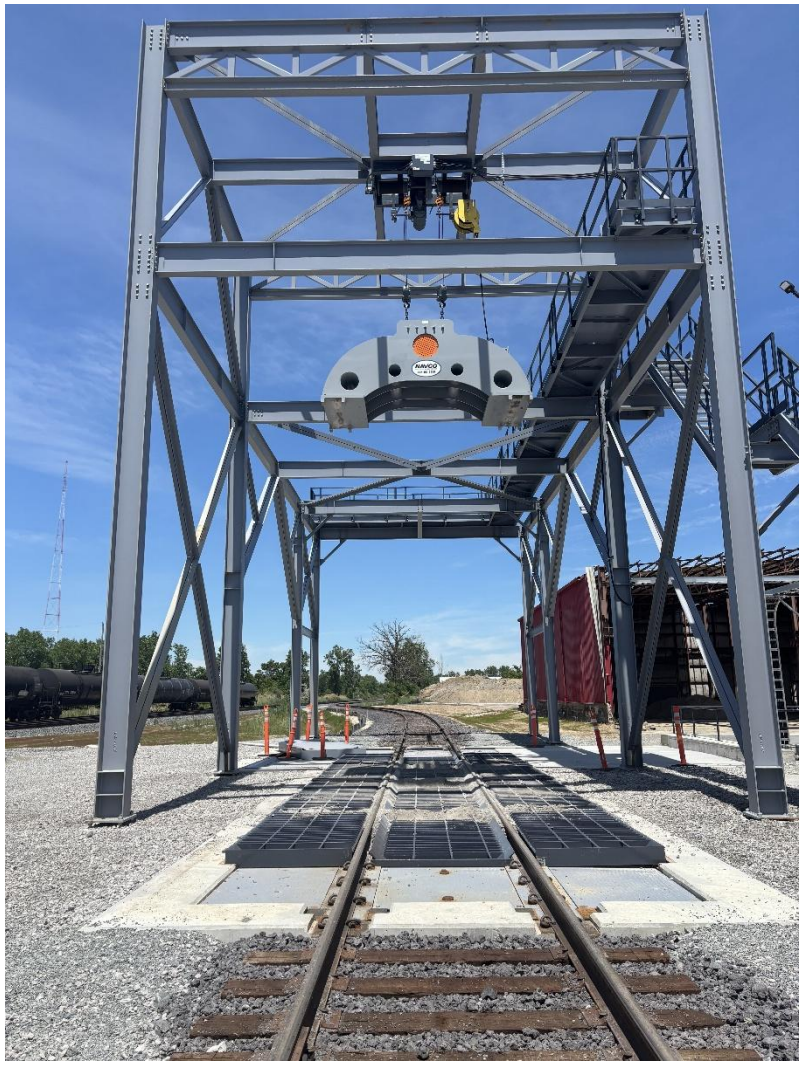
Burton, MI

Description: Project constructed new railcar unloading terminal to support distribution of aggregate for construction projects and support asphalt plan operations. Primary receiving terminal for limestone shipped from Alpena loading terminal.

Major Benefits:

- Local job creation.
- Ensure stable supply of quality limestone aggregate for construction projects in central and southern Michigan.
- Ensure supply is met without added truck traffic.

Burton Terminal (continued)



Hydrolake Inc.

Grayling, MI

Total Project Cost: $220,000.00

Description: Project constructed railcar loading track to support the transportation of untreated and treated wooden utility poles.

Major Benefits:

- Reduction in truck transportation
- Support the sale and distribution of Michigan-produced forest products to further destinations.
- Maintain competitive edge for Michigan-produced products.
- Support distribution and manufacturing of critical energy distribution materials.
- Support adjacent lumber mill for future possible railcar shipments.