

Presented to:

# House Appropriations Sub Committee

March 13, 2018



Presented by:

John A. Rickoff  
President & CEO

Lake State Railway Company  
Michigan Railroads Association - Chairman



**Lake State Railway**

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# Freight Railroad Facts – 2014/15 (Association of American Railroads)

- United States
  - Created almost \$274 billion in economic activity
  - Generated nearly \$33 billion in tax revenue
  - Total Track Miles – 140,000 in 48 States
  - Generated nearly \$89 billion in total wages (including benefits)
  - Supports about 1.5 million jobs nationwide
  - Deregulation (Staggers Rail Act)
    - Increased Rail Productivity by 139%
    - \$600 billion in Infrastructure & Equipment spending
    - 79% Decrease in train accidents
- Michigan
  - Most miles operated by Short Lines of any State in the U.S.
  - 27 Freight Railroads
  - 4 Class I Railroads operate in the State
  - Total Track Miles – 3,234
  - Employs 3,194 People
  - Average Rail Employee Wage - \$107,080
  - MI Railroads handled nearly 94 million Tons of Freight
    - Equivalent of approximately 5.2 million Trucks
  - Over 1.3 Million Carloads Originated or Terminated in MI





## Lake State Railway

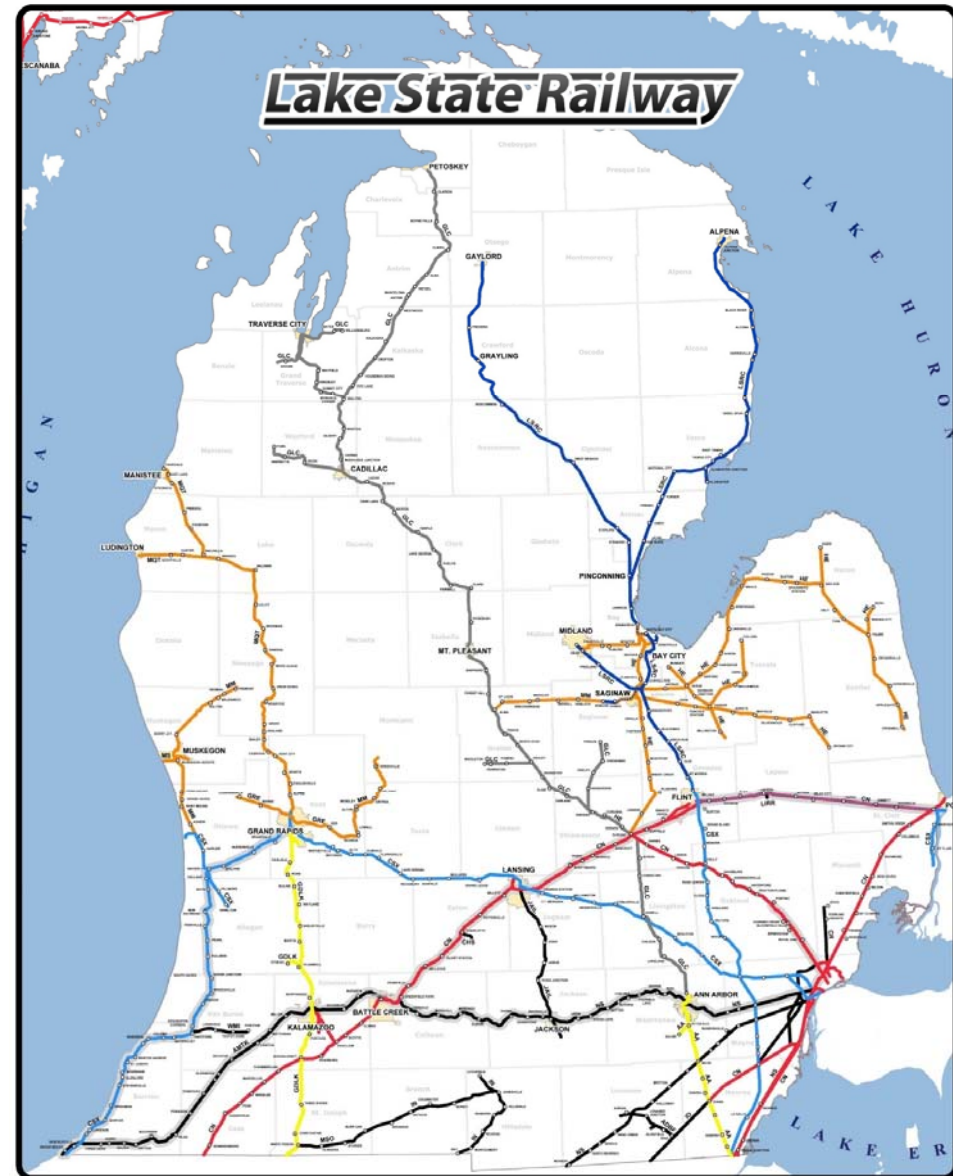
- Privately Owned
- Celebrating over 25 Years of Service
- 290 Mile System
- Serving Saginaw, Midland, Bay City, Grayling, Gaylord, West Branch, Alpena
- 90 Employees

## N. American Freight Network Connection

- CSXT – Flint, MI
- Huron & Eastern Railroad
  - Saginaw
  - Bay City
- Mid Michigan Railroad - Paines



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# Customers Served

- ADM
- Andersons
- A & L Iron & Metal
- ARAUCO\*
- Bit-Mat\*
- Brink Farms
- Cabot
- Camp Grayling\*
- Consumers Energy (Karn Generating Station)
- Crop Production Services
- Detroit & Edison\*
- Dow Corning (Dow)
- Dow Chemical
- Freeland Bean & Grain
- Gavilon Grain
- Georgia Pacific\*
- Great Lakes Grain\*
- Heritage Environmental
- Ittner Bean & Grain
- Kiros Energy\*
- Lafarge Holcim
- LC Materials\*
- Michigan Sugar/Midwest Agri
- Michigan Wood Pellet
- Nexteer
- Northern Energy
- Oldcastle – 4D
- OmniSource
- Panel Processing\*
- Port Fisher
- Quality Liquid Feeds\*
- Rifkin Scrap Iron & Metal
- Standish Milling
- Stella Jones\*
- Saginaw Bay Fertilizer
- Star of the West\*
- S.C. Johnson\*
- Specification Stone Products (Edward C. Levy)
- Straits Wood Treating
- Styron
- S & S Wood Products
- Tri-State Forest Products
- Turner Bean & Grain
- Vantage Plastics\*
- Vestas\*
- Wabash Power Equipment
- Weyerhaeuser Co.

\* New or Expanded



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# Products Handled

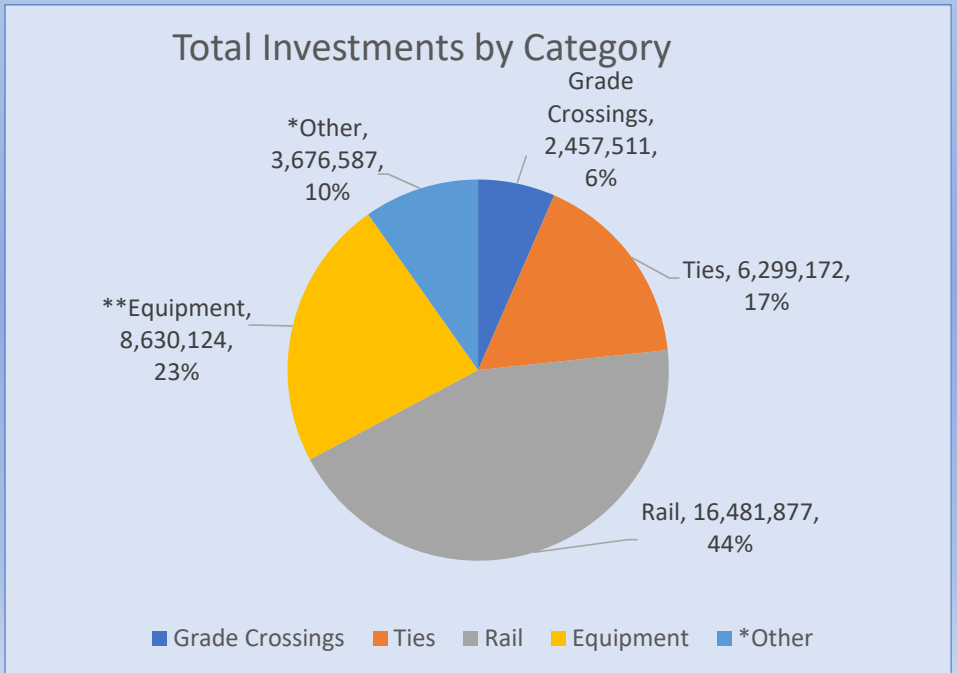
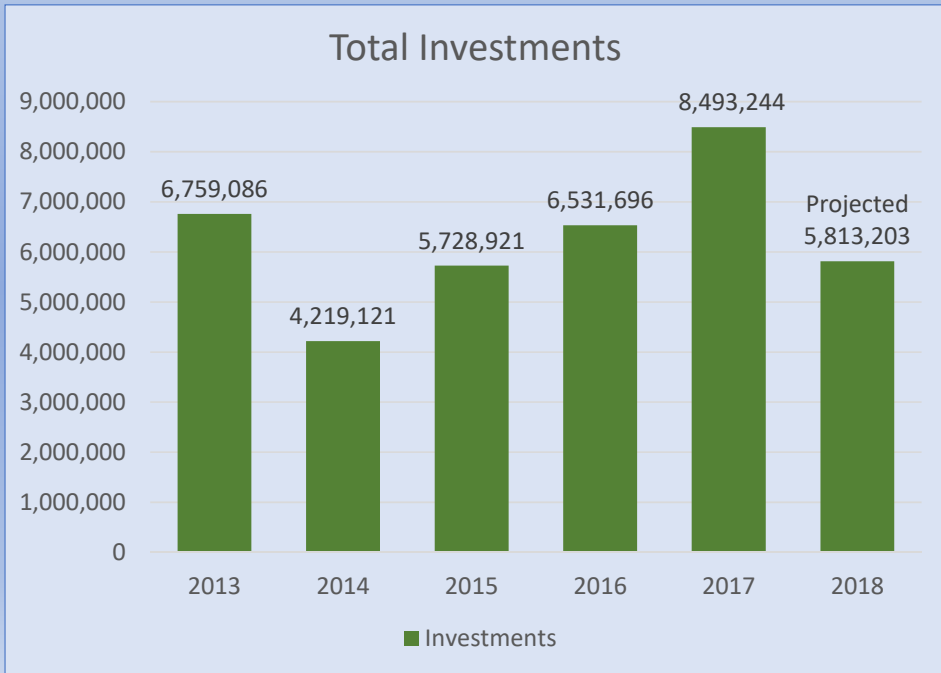
- Grain (corn, soy beans & wheat)
- Coal
- Lumber/Lumber Products
- Chemicals
- Fertilizer
- Cement
- Aggregates
- Sugar
- Flour
- Scrap Metal
- Steel Bars
- Fuel
- Plastics



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# Investments

2013 – 2018



Based on total investment of \$37,545,271

\*Includes bridges, ballast, surfacing, bolt tightening, anchoring and misc.

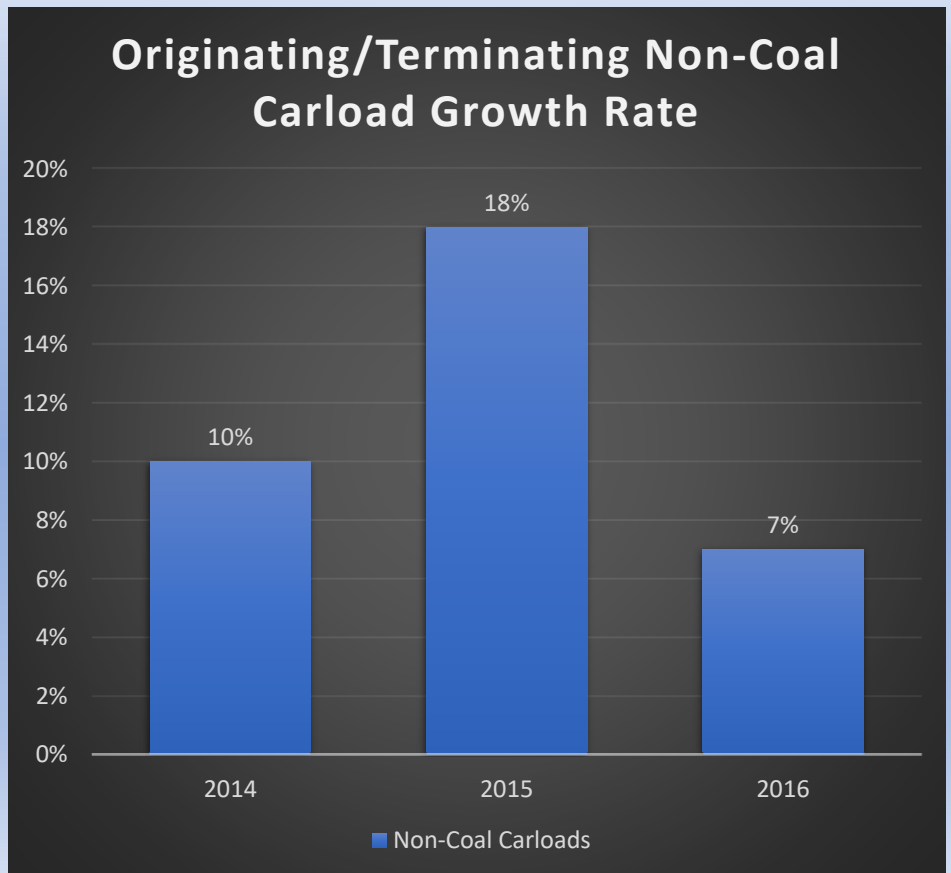
\*\*Locomotives, railcars, vehicles, track equipment



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# Growth

- Past 3 years – New or Expanded Customers
- 2017
  - Alpena
    - Panel Processing
    - Quality Liquid Feeds
  - Grayling
    - ARAUCO – New customer
    - LC Materials– major expansion
    - Georgia Pacific – major expansion
    - Camp Grayling – major expansion
  - Gaylord
    - LSRC developing 24 acre site for transloading
  - Bay City
    - Bit-Mat – new customer
    - Kiros Energy – new customer
    - SC Johnson – major expansion
  - Saginaw
    - Star of The West
    - Great Lakes Grain – new transload customer
- 2018 - LSRC expects to be announcing more growth



38% Growth from 2013-2016



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## Safety

- First & Foremost
- ASLRRRA Safety Institute Audit
  - Follow-up Survey Recently Completed
- Safety and Health Committee
- Participate in Operation Life Saver activities
- Co-training with local first responders
- On-site dedicated training facility
- Annual Rail Defect Testing
- Annual Geometry Testing
- GPS Tracking
- Computer Aided Dispatch

## Challenges

- Expanding Rules & Regulations
- Class I Environment Changes
- Truck Weights
- Ever-changing Market Conditions
- Infrastructure Upgrading
- State Funding?
- Truck Platooning??



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# Closing

- Bright Future
- Funding – A Key part of Success
  - Freight Economic Development Program - FEDP
  - Surface Crossing Program
  - Michigan Rail Loan Assistance Program - MiRLAP



**MRA**  
MICHIGAN  
RAILROADS  
ASSOCIATION

