



MICHIGAN SENATE

Appropriations Requests for Legislatively Directed Spending Items

Date Submitted: 01/14/2026

1. Sponsoring legislator's full name:

Senator John N. Damoose

2. Cosponsoring legislators' names (if applicable):

N/A

3. Intended legislatively directed spending item recipient:

Chippewa County EDC

4. Physical address of legislatively directed spending item recipient and the intended location of the project or activity:

5019 W. Airport Drive, Kincheloe, MI. 49788

5. The recipient's employer identification number:

383009238

6. Requested amount of the legislatively directed spending item:

\$583,100.00

7. What is the purpose and how does the legislatively directed spending item provide a public benefit that is an appropriate use of taxpayer money?

This proposal seeks funding and partnership support to modernize rail infrastructure in Kincheloe, Michigan. By replacing 6,930 linear feet (3,465 track feet) of aging 80lb rail this project will improve reliability, safety, and throughput of freight rail operations, enable greater utilization of the existing industrial park rail assets and strengthen the regional supply chain link between the Eastern Upper Peninsula, Interstate 75, and CN's North American rail network. Recent industrial investment in Kincheloe – including logistics and manufacturing development adjacent to the CN rail line – demonstrates increasing demand for efficient rail connectivity in the area. The project will deliver measurable benefits including reduced freight costs, increased industrial site competitiveness, improved safety, and job creation and retention, positioning Kincheloe as a strategic logistics node for wood products,

manufacturing, warehousing, and other heavy freight sectors. Kincheloe, Michigan is strategically positioned within Chippewa County, near the Sault Ste. Marie gateway, with direct access to I-75, and adjacent to major freight and cross-border logistics corridors. The Chippewa County Industrial has demonstrated the ability to attract and support freight-dependent industries, and recent industrial investment to the CN corridor reinforces the area's growing demand for reliable rail connectivity. A major driver of freight activity and infrastructure need in the Kincheloe corridor is the presence of a privately owned propane distribution and storage site that serves as a critical energy logistics asset for the region. This facility provides affordable, reliable, and cleaner-burning energy to households, businesses, and institutions across the EUP and into Northern Lower Michigan, supporting year-round heating needs and energy security-especially during winter months when transportation disruptions and supply constraints can have significant impacts. The Industrial Park also holds rail infrastructure assets that connect to the CN mainline, including approximately 2.5 miles of rail off the main line, which creates major opportunity-but also exposes a critical need for upgrades to fully support current and future demand. These constraints limit rail utilization potential and reduce the region's ability to leverage rail as a cost-efficient mode for energy and industrial commodities-ultimately affecting both economic development outcomes and regional energy resilience. The project will deliver quantifiable benefits to the regional economy such as business retention and expansion, particularly freight-dependent sectors (wood products/logistics), and new job creation tied to expanded tenant activity and construction phase employment.

Implementation Timeline (Estimated): completion by Q4 2026
Project Financials: Materials/trucking: \$338,300.00 Labor: \$244,800.00 Total: \$583,100.00

With the assistance of Senator Schmidt, in 2022 the CCEDC was awarded a Railway Renovation Grant totaling \$200,000. In the same year, the Michigan Department of Transportation (MDOT) awarded the CCEDC a Freight Transportation Grant for \$1,020,000. These awards enabled the beginning of major construction and modernization work to increase both rail handling capacity and operational resiliency at the Kincheloe terminal. The total construction cost for the project was \$2,626,000, with \$1,406,000 contributed through private investment, reflecting strong private-sector commitment and substantial leverage of state resources. As a direct result of these upgrades and increased terminal capacity, the Kincheloe Propane Terminal upgrade was deemed critical energy infrastructure, strengthening the reliability of propane supply chains and ensuring dependable access to affordable, reliable, clean energy for Michigan's Upper Peninsula-particularly during winter months when resilient fuel delivery is essential. In 2023, MDOT Rail provided an additional \$550,000 to the CCEDC to support additional track upgrades, further improving track reliability and operational performance in support of freight users and terminal expansion. Building upon the successful implementation of rail and terminal improvements, the U.S. Economic Development Administration (EDA) awarded the CCEDC a \$7,961,550 EDA Public Works Grant to construct a new 20,000 square-foot building with an associated rail spur, supporting long-term industrial growth, rail-served development opportunities, and expanded job creation potential. This project includes a robust multi-source match structure:

- CCEDC contribution: \$842,320
- MEDC share: \$1,250,000

Rail infrastructure upgrades in

Kincheloe, Michigan represent a high-impact investment that strengthens the industrial competitiveness of Chippewa County and the Eastern Upper Peninsula. By modernizing industrial rail assets and improving CN Connectivity, the project will enable growth in logistics, manufacturing, and wood products-industries already demonstrating momentum in the Kincheloe Industrial Park. This project advances regional economic development goals by: • Improving freight efficiency and resilience • Enabling business expansion and site readiness • Reducing highway freight burden • Supporting job creation and long-term private investment Chris Olson, President Chippewa County Economic Development Corporation 5019 W. Airport Dr Kincheloe, MI 49788 chrisolson@chippewacountyedc.com (906) 495-5631

- 8. Has the legislatively directed spending item previously received or been awarded any of the following types of funding in the past 5 years? If so, how much? Check all that apply:**

N/A

Amount

N/A

- 9. Estimated time frame for completion of the legislatively directed spending item project:**

Implementation Timeline (Estimated): completion by Q4 2026

Additional Information for Nonprofit Corporations (if applicable)

The answer to questions 1 to 3 must be "Yes" for the nonprofit corporation to qualify for a legislatively directed spending item.

- 1. Has the nonprofit corporation continuously operated in this state for the preceding 36 months?**

Yes

- 2. Has the nonprofit corporation had a physical office in this state for not less than the preceding 12 consecutive months?**

Yes

3. Does the organization have a board of directors?

Yes

4. List all of the officers and active members on the board of directors:

Don McLean Jeff Hagan Brien Hanna Tony Haller Richard Timmer Rich Brawley Gary McDowell James Parker Tim Ellis 14. Attach

Certification By Sponsoring Legislator

"I certify that my immediate family members, legislative staff members, and I have no direct or indirect pecuniary interest in the requested legislatively directed spending item."

"I certify that the intended recipient of this legislatively directed spending item is not a for-profit entity."

*"I certify that the information in this form is true to the best of my knowledge."
Senator John N. Damoose*