

Date: August 29, 2024
To: Mark Johnson, Executive Director, Lessard Sams Outdoor Heritage Council
From: Melissa Sjolund, Lake Superior and St. Louis River Program Supervisor
Subject: Appropriation Extension Request - ML 2020, Ch. 104, Art. 1, Sec. 2, subd 5(k)

The St. Louis River Restoration Initiative (SLRRI) team recently prepared the semi-annual progress report for our ML2020 appropriation. As indicated in the budget update, \$1,120,700 remains unspent in the Contracts budget. We primarily use the Contracts budget category to fund large construction contracts associated with habitat restoration projects. For our ML2020 appropriation, the two projects earmarked for these funds are at Mud Lake and Lower Knowlton Creek. Due to project delays that were unforeseen at the time of our proposal, we are requesting an extension to this appropriation to ensure it is fully spent down and achieves Accomplishment Plan objectives. As requested by Council Staff's May 24, 2023, memo, this extension request includes: 1) delineation of circumstances requiring an extension, 2) a well-defined plan toward project completion, and 3) verification that the extension amendment does not include an increase in personnel or Direct Support Services (DSS).

Circumstances Requiring an Extension

Mud Lake: Restoring aquatic habitat at Mud Lake (located within the St. Louis River) is DNR's last restoration project to complete under the Great Lakes Area of Concern Program. It is a large and complex project, requiring extensive dredging to restore wetland and deep water habitat, installing a bridge through a historic railroad causeway to restore a hydrologic connection to the estuary, and special handling of legacy-contaminated sediments. In November 2020, DNR entered into a Partnership Agreement (PA) with the US Army Corps of Engineers (USACE) Detroit District to provide engineering and design services on the project. Services included baseline data collection, hydraulic and hydrologic modeling, cultural resource review, and preparing engineering designs and specifications.

Work under the PA was slow to start. DNR was in the middle of a COVID pandemic-related hiring freeze and unable to proceed with a previously approved hire of additional St. Louis River staff. USACE Detroit District engineers were limited, having been pulled away to help with pandemic responses and the May 2020 dam failure in Midland, MI. This resulted in turnover of USACE project managers and a delay in baseline data collection. Data critical to moving the design forward included sediment sampling, geotechnical borings on the railroad, wetland delineations, and cultural resource surveys. In several cases, initial data collection efforts were later discovered to be incomplete, and follow-up surveys were needed to get samples at greater depths or higher density. In the Duluth area, field seasons are extremely short, and these setbacks compounded to the point where the design was delayed by years. Without a design, the project team could not proceed with permit applications, Environmental Review, or Sec. 106 coordination. Despite initial setbacks, significant progress has been made in the last year. However, the most recent schedules developed by our engineering team indicate that construction will not begin ahead of the appropriation's June 30, 2025, end date.

Lower Knowlton Creek. Lower Knowlton Creek is a cold water trout stream and an important tributary to the St. Louis River estuary. Just upstream from the creek's confluence with the estuary, a bare box culvert with very

shallow seasonal flow is a barrier to movement of aquatic and terrestrial wildlife. The culvert is located under the Willard Munger State Trail, requiring extensive coordination with the state's Parks and Trails department and State Historic Preservation Office. The formal design and engineering process was delayed on this project due to DNR's pandemic hiring freeze. Once DNR was able to hire a Project Manager and enlist DNR engineers to support data collection and engineering design, significant progress has been made. However, the most recent schedules developed by our engineering team indicate that construction will not begin ahead of the appropriation's June 30, 2025, end date.

Plan for Project Completion

Mud Lake: The project's 65% engineering designs (Figure 1) and specifications were completed in August 2024, and the project team is moving forward with submitting necessary permit applications and environmental review documents. Final designs and specifications are scheduled for completion in late 2024 and construction bids will be solicited in spring 2025. Due to its size and complexity, the project is expected to take two construction seasons to complete. ML2020 funds are just one part of the project's funding profile, and they are also the oldest. Therefore, they will be earmarked to be spent during the beginning of construction. Other funds available for this large project include DNR's ML2021 and ML2022 appropriations, Great Lakes Restoration Initiative funding through USEPA, and over \$6 million in bond funds being transferred from the MPCA to DNR. These bond funds must be used on St. Louis River projects and were not needed by MPCA. Completing the project on its current timeline is a top priority for USACE, USEPA, and DNR.

Lower Knowlton Creek: Baseline data collection including geotechnical borings, wetland delineations, rare plant survey, and archaeological survey were completed in 2024. The project's 30% engineering designs were completed in July 2024 (Figure 2) and the Environmental Assessment Worksheet was submitted in August 2024. Permit applications are in development, and the project engineers are on track to complete the design and specifications by January, 2025, allowing for contract solicitation in January, 2025 and construction beginning approximately May, 2025. Other funds available for this large project include DNR's ML2021 appropriation and the state's "Get Out More" funding.

Personnel and DSS evaluation

DNR is not proposing any increases to the Personnel or DSS budget categories with this extension amendment.

Closing Thoughts

Both the Mud Lake and Lower Knowlton Creek projects have significant budgets and require funding outside of our ML2020 appropriation. Therefore, as long as one project begins construction in 2025, we will be able to spend down the ML2020 funds by our proposed appropriation extension to **June 30, 2026**. Extending the appropriation's end date will ensure that the projects are completed as designed, habitat outcomes are achieved, and our significant non-OHF leverage is maximized. DNR's SLRRI program has been successfully completing restoration projects in partnership with LSOHC since 2012, and this is the first time that project delays have caused us to request an extension to any OHF appropriation. While we regret that these delays have caused the need for an amendment request, we have maintained transparency about these setbacks in previous semi-annual reports and are submitting a timely extension request to provide ample time for discussion and questions.

Figure 1. Left image: illustration of habitat restoration features included in the 65% design plans for Mud Lake. Top right image: profile view of proposed railroad bridge from 65% design. Bottom right image: excerpt from 65% dredge designs showing the proposed deep water habitat feature as it connects to the existing river channel.

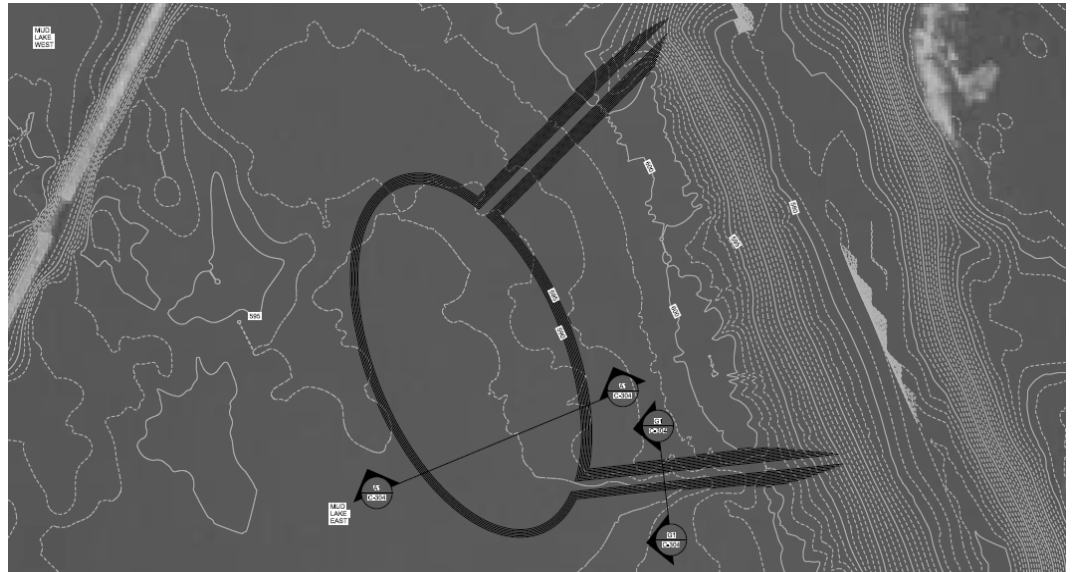
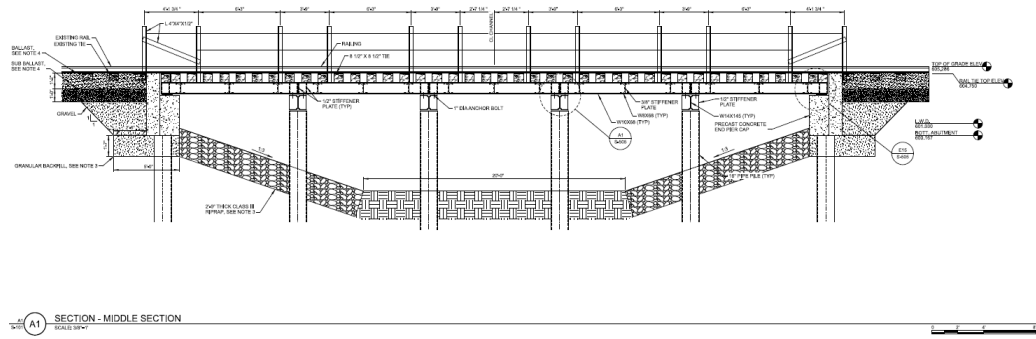
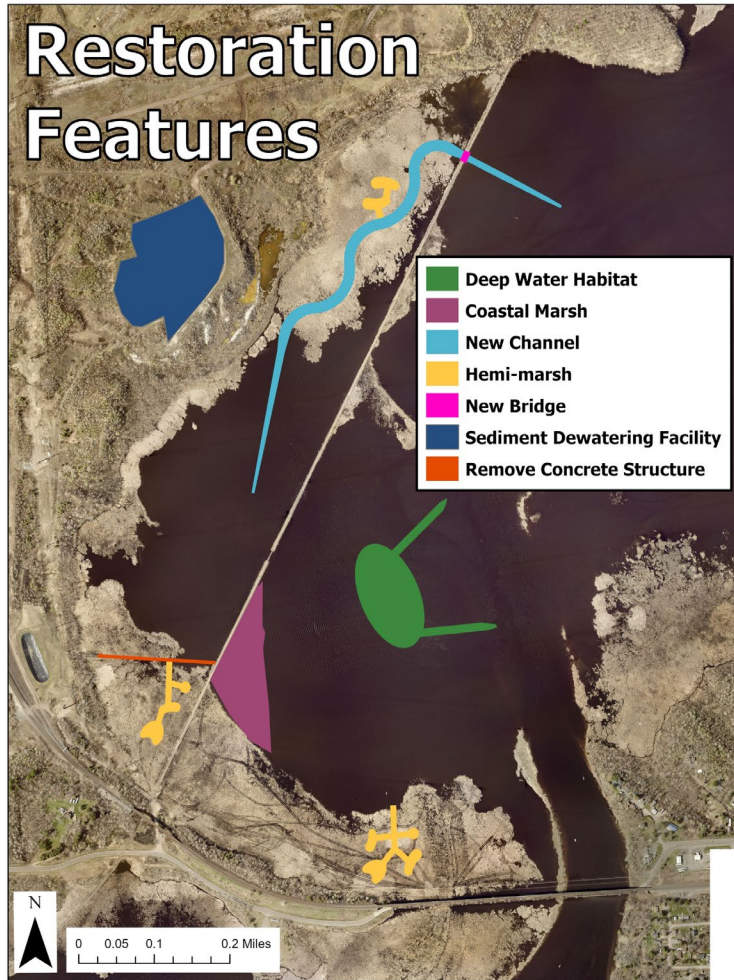


Figure 2. 30% design drawings illustrating proposed fish and wildlife passage restoration in Lower Knowlton Creek.

