

# Legislative-Citizen Commission on Minnesota Resources

**MEMO:** Agenda Item #8

**DATE:** March 4, 2019

**SUBJECT:** City of Melrose's M.L. 2019 project – Sauk River Dam Removal and Rock Rapids Replacement

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## Background

On February 26<sup>th</sup>, the City of Melrose submitted to LCCMR a revised work plan and budget for the M.L. 2019 08c recommended project *Sauk River Dam Removal and Rock Rapids Replacement*. There is a significant change in scope and cost of the revised project. The rationale for changing the project scope is outlined in a letter sent to Director Nash from the City of Melrose's Administrator Michael Brethorst (attached) and includes an issue encountered when the City began pursuing a permit for dam replacement.

The original work plan includes:

- Sauk River Dam removal
- Replacement with rock arch dam
- Shoreland restoration and instream habitat improvements downstream from new rock arch dam
- Cited benefits included water quality improvements, fish passage, and expanded recreational opportunities
- Cost \$2.7 million

The revised proposal includes:

- River channel realignment and shoreland restoration downstream of existing dam (Phase I)
- Sauk River Dam removal and replacement is proposed as future potential project (Phase II)
- Cost \$1.4 million

A complementary effort had received a recommendation from the Lessard-Sams Outdoor Heritage Council (LSOHC) for \$737,000. On February 21, 2019, project lead Stearns County SWCD requested withdrawal from consideration by LSOHC and stated they "did not feel the phased plan would result in habitat benefits or follow the original intent of the application submitted and approved by LSOHC."

## M.L. 2019 Appropriation language

The revised proposal submitted by the City of Melrose is currently inconsistent with the M.L. 2019 appropriation language:

**Subd. 8 (c). Sauk River Dam Removal and Rock Rapids Replacement.** \$2,768,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Melrose to remove an existing fixed-elevation dam, construct a rock arch rapids, and conduct in-stream and shoreline habitat restoration to improve water quality and native fish passage in the Sauk River. This project requires a match of at least \$1,400,000 that must be secured before trust fund money is spent. At least \$700,000 of this match must come from the city of Melrose. City of Melrose expenses for the Sauk River dam removal and rock rapids replacement incurred before July 1, 2019, may be counted toward the match.

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## Considerations

- Does the revised proposal still meet the intended goals of water quality improvements, fish passage, and expanded recreational opportunities?
- What is the risk to the proposed Phase I downstream ENRTF investments (channel redesign, rock riffle structure, shoreland plantings, and instream habitat restoration) when the upstream dam is removed and replaced in the future?
- How are the matching requirements impacted by the revised plan?

## Action

Possible options for commission action:

1. Commission members approve change to project scope and cost; update appropriation language to reflect changes in project scope, cost, and matching requirements.
2. Commission members do not approve changes to project scope, cost, and match. Commission recommends removing project from M.L. 2019 funding recommendations and invites the City of Melrose to resubmit a proposal when the dam removal plan is finalized and necessary permits secured.
3. No Action. The City of Melrose is unable to spend appropriated funds because proposed work is inconsistent with appropriation language unless a different solution is found among parties before funds expire in 2022. Funding recommendation could be re-considered as part of the Commission's 2020 RFP process if desired.

## Attachments

- Letter from Michael Brethorst to Director Nash
- Letter from Stearns SWCD Board of Supervisors to LSOHC
- Letter from Michael Brethorst to Executive Director Mark Johnson
- Map of revised Sauk River Restoration "Phase I" proposal
- Letter from DNR Area Hydrologist to Michael Brethorst
- City of Melrose Resolution 2/21/2019