



Lessard-Sams Outdoor Heritage Council

Otter and Campbell Lakes Habitat Enhancement and Restoration Phase 1
ML 2027 Request for Funding

General Information

Date: 06/24/2026

Proposal Title: Otter and Campbell Lakes Habitat Enhancement and Restoration Phase 1

Funds Requested: \$3,000,000

Confirmed Leverage Funds: \$300,000

Is this proposal Scalable?: Yes

Manager Information

Manager's Name: Michael Stifter

Title: Public Works Director

Organization: City of Hutchinson

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Location Information

County Location(s): McLeod.

Eco regions in which work will take place:

Prairie

Activity types:

Restore

Other : Leverage and Scalable

Priority resources addressed by activity:

Wetlands

Habitat

Narrative

Abstract

The City of Hutchinson is advancing Phase 1 of a long-term restoration effort for Otter and Campbell Lakes to address sediment accumulation, reduced vegetation, and simplified habitat conditions that remain despite upstream watershed improvements. This phase will remove sediment, construct in-lake habitat features, and establish native vegetation within the South Arm of Otter Lake to improve ecological function. Expected outcomes include enhanced fish and wildlife habitat, improved water clarity, strengthened recreational opportunities, and support for regional ecological priorities. This work forms the foundation for future phases that will extend restoration throughout the connected lake system.

Design and Scope of Work

This project addresses degraded aquatic habitat in Otter and Campbell Lakes, noted by the DNR as Lakes of Biological Significance, caused by long-term sediment accumulation that smothers vegetation and simplifies the lake structure. These impairments have reduced spawning habitat, nursery areas, and food resources for fish, waterfowl, and other wildlife, while contributing to poor water quality through internal nutrient loading. Despite ongoing upstream improvements, in-lake conditions remain a primary limiting factor to ecosystem recovery. This project targets artificially shallow lake habitats critical to fish and migratory birds by restoring water depth, habitat structure, and vegetation.

Phase 1 focuses on the South Arm of Otter Lake and will be implemented from 2027 to 2030. The scope includes final design, permitting, sediment removal and management, habitat installation, and vegetation establishment. Site assessments—bathymetry, sediment analysis, and ecological surveys—will refine priority treatment areas to maximize habitat benefit and long-term sustainability.

Targeted sediment removal will address internal nutrient loading and restore depth in degraded areas. Sediment will be hydraulically dredged and transported to nearby publicly owned staging areas, reducing costs and avoiding extensive easement acquisition. Following dredging, habitat features such as boulder clusters and anchored woody structure will be installed to increase habitat complexity and support multiple life stages of aquatic species.

Native aquatic vegetation will be established within the littoral zone through planting, seeding, and transplanting. This work will restore shallow water and wetland habitat by stabilizing sediments, improving water clarity, and providing food, cover, and spawning substrate. Together, these actions directly restore and enhance habitat for fish, wildlife, and Species in Greatest Conservation Need.

Project priorities were established through watershed studies, an Environmental Assessment Worksheet, and coordination with the Minnesota Department of Natural Resources (MnDNR) and McLeod Soil and Water Conservation District (SWCD). These efforts identified in-lake habitat degradation as a key barrier to ecological recovery. The phased approach targets the most accessible areas first that leverage other city infrastructure projects, aligning construction disturbance along a targeted corridor for less disturbance to the public over time, while positioning for future work in Campbell Lake and the main basin. Proximity to other shallow-water systems and waterfowl production areas increases the project's regional habitat value while adding regional habitat diversity by being one of the larger flow-through lake systems, being situated on the South Fork Crow River.

The project is urgent due to ongoing sediment accumulation and habitat decline. Costs increase and ecological resilience is reduced if delayed. Implementation aligns with completed planning, established partnerships, and planned city infrastructure improvements that support efficient sediment management. The City of Hutchinson

will lead the project alongside partners at the MnDNR, McLeod SWCD, and engineering consultants. Stakeholders include local landowners, lake users, the school district, and the municipal airport, which will provide publicly owned sediment staging areas. Continued coordination and outreach will ensure strong local support.

This effort will restore aquatic and wetland habitat, improve water quality, enhance fish and wildlife populations for Species of Greatest Conservation Need, and support long-term ecosystem function and recreation.

Explain how the proposal addresses habitat protection, restoration, and/or enhancement for fish, game & wildlife, including threatened or endangered species conservation

The Otter and Campbell Lakes Habitat Enhancement and Restoration Project addresses long standing ecological degradation documented in the Environmental Assessment Worksheet (EAW) for the 650-acre impoundment system. The EAW identifies extensive sediment accumulation resulting from decades of upstream agricultural and urban runoff. This sediment loading has reduced lake depth, buried natural substrates, and impaired overall ecological function. Associated impacts include the loss of littoral habitat, diminished water clarity, and limited aquatic vegetation—factors that collectively reduce the quality and availability of spawning areas, nursery habitat, and foraging resources for fish, waterfowl, and other wildlife. Restoration, sediment management, and habitat improvement actions are therefore identified as essential to reversing these trends and restoring the system’s ecological integrity.

The project directly responds to these documented impairments through targeted sediment removal, structural habitat installation, and establishment of native aquatic vegetation. The EAW documents how sediment accumulation has degraded substrate and reduced habitat complexity; the planned sediment management activities will restore appropriate depths and conditions suitable for aquatic vegetation growth and fish spawning. Structural habitat elements—including rock reefs, woody debris, and constructed spawning substrate—will increase habitat heterogeneity and support diverse aquatic communities that have been diminished by historical sedimentation and hydrologic modification. Establishing native aquatic vegetation will further stabilize sediments, improve water clarity, enhance nutrient cycling, and create high value shallow water habitat for waterfowl, amphibians, invertebrates, and juvenile fish.

The project also supports broader conservation goals by improving habitat conditions within a shallow lake system hydrologically connected to the South Fork Crow River. While the EAW does not identify federally listed threatened or endangered species within the immediate project area, observations of Species in Greatest Conservation Need are common in these lakes and the lakes are noted as DNR Lakes of Biological Significance. Restoring water quality, vegetation, and habitat complexity enhances the resilience and suitability of the system for these species. Coordination with MnDNR and application of Natural Heritage review procedures will ensure avoidance of impacts to sensitive resources and will support ecological gains, increased biodiversity, and long-term system maintenance.

What are the elements of this proposal that are critical from a timing perspective?

Critical timing elements center on coordination with existing planning, partnerships, and construction windows. The project leverages completed environmental review and prior watershed studies, allowing it to advance efficiently without significant additional study. It is also timed to align with planned city infrastructure improvements, particularly roadway upgrades that enable cost-effective sediment transport and reduce construction impacts.

Seasonal constraints are also critical, as in-lake work must occur within regulatory windows to protect fish spawning, and vegetation establishment must align with growing seasons for success.

A key near-term opportunity is the availability of publicly owned land from the local school district for sediment drying and staging. If these parcels are developed, the project would lose a unique, large-scale, cost-effective disposal option, potentially delaying implementation and increasing costs. Delaying the project also risks continued sediment accumulation and further habitat degradation.

Describe how the proposal expands habitat corridors or complexes and/or addresses habitat fragmentation:

The project expands habitat corridors and reduces fragmentation by restoring continuous littoral and aquatic habitat within Otter and Campbell Lakes and strengthening their ecological connection to the South Fork Crow River. The historic dam at the outlet of Otter and Campbell Lakes was replaced with a rock arch rapids ca. 2008, restoring longitudinal connectivity and removing physical barriers. However, for species moving upstream, Otter and Campbell lakes continues to be an ecological desert and limiting factor for longitudinal migration along the river corridor.

Existing conditions have fragmented shallow-water habitat due to sediment accumulation and reduced vegetation, limiting movement of fish and wildlife and isolating critical spawning and nursery areas. Through sediment management, installation of structural habitat, and reestablishment of native aquatic vegetation, the project reconnects nearshore and open-water habitats and creates continuous, high-quality littoral zones. These improvements, combined with upstream stream restoration and sediment forebay implementation, establish a more connected aquatic system that supports movement of fish, enhances waterfowl habitat, and integrates the lakes into a broader, resilient habitat complex within the Prairie region.

Which top 2 Conservation Plans referenced in MS97A.056, subd. 3a are most applicable to this project?

Minnesota Statewide Conservation & Preservation Plan

Other : South Fork Crow River One Watershed One Plan (1W1P)

Which LSOHC section priorities are addressed in this proposal?

Prairie

Protect, restore, and enhance shallow lakes

Describe how this project/program will produce and demonstrate a significant and permanent conservation legacy and/or outcomes for fish, game, and wildlife:

The Otter and Campbell Lakes Habitat Enhancement and Restoration Project is designed to create a lasting conservation legacy by restoring the physical and biological processes that sustain healthy, resilient aquatic ecosystems. Rather than relying on short-term improvements, the project addresses long-term impairments identified in prior environmental review, including accumulated sediment, degraded lakebed conditions, and loss of aquatic vegetation. These issues have diminished the ecological function of littoral zones, which are essential for fish and wildlife production.

Through sediment removal and bathymetric restoration, the project will improve water depth, clarity, and substrate quality, while installation of durable habitat structures—such as rock reefs and woody features—will provide long-term spawning, refuge, and foraging habitat for fish populations.

A central component of the project’s enduring impact is the reestablishment of native aquatic vegetation

communities. Once established, these communities are largely self-sustaining and form the foundation of productive shallow lake ecosystems. They stabilize sediments, improve water clarity, support diverse aquatic organisms, and maintain high-quality habitat with minimal maintenance. Restoring vegetation-dominated conditions is widely recognized as critical for sustaining fish populations, supporting waterfowl, and increasing biodiversity. In addition, upstream sediment forebays and stream restoration will reduce external sediment and nutrient inputs, helping protect the longevity of in-lake improvements.

The project also strengthens landscape-scale ecological connectivity within the South Fork Crow River system by enhancing linkages between the lakes and surrounding aquatic habitats. Improved connectivity and restored littoral zones will increase movement, resilience, and reproductive success for fish, waterfowl, and other wildlife, including Species in Greatest Conservation Need that depend on clean, connected systems.

Beyond ecological benefits, the project enhances recreational opportunities such as fishing and wildlife observation by improving water quality and fish habitat. Strengthening the community's recreational connection to the lakes fosters long-term stewardship and support for conservation. Coordinated efforts among the City, McLeod SWCD, and MnDNR will ensure adaptive management and lasting habitat benefits that align with statewide conservation and fish and game priorities.

If this project/program does not have permanent outcomes, describe why it is important to undertake at this time:

Otter and Campbell Lakes require active restoration to counter ongoing sediment accumulation, degraded water quality, and suppressed natural recovery processes. Although upstream improvements are reducing incoming sediment, the lakes remain heavily influenced by a century of watershed alteration and legacy deposition tied to the former Hutchinson dam. Even after its replacement with a rock arch rapids in 2008 restored fish passage and improved river function, substantial in lake sediment and altered morphology continue to impair habitat quality.

The loss of littoral vegetation, structural habitat, and water clarity has created feedback loops that prevent natural regeneration. Targeted sediment management and vegetation establishment are now essential to break this cycle, improve clarity, and restore ecological function. Acting at this tipping point provides a critical reset, enabling the lakes to transition toward a more resilient condition that supports fish, wildlife, and long-term recreational value under the modern hydraulic regime.

Outcomes

Programs in prairie region:

Protected, restored, and enhanced shallow lakes and wetlands ~ *This project will restore 140 acres of shallow lake and wetland. Sediment removal and vegetation establishment are expected to increase aquatic plant coverage and improve water clarity, creating conditions that support higher use by ducks and other wetland-dependent wildlife.*

As habitat conditions improve, biological response can be reflected in increased waterfowl counts and recreational angler counts. Fish habitat improvements may also lead to better angling success, which can be observed through local use and recreational feedback. Over time, maintaining clearer water and stable vegetation communities should increase counts conducted through local recreational and biological survey.

Per MS 97A.056, Subd. 24, Please explain whether the request is supplanting or is a substitution for any previous funding that was not from a legacy fund and was used for the same purpose.

These funds would be used for a specific phase of the overall project. No other funds have been obtained, nor pursued for this particular phase of the project.

How will you sustain and/or maintain this work after the Outdoor Heritage Funds are expended?

After Outdoor Heritage Funds are expended, the City of Hutchinson will sustain project outcomes through continued watershed management and local funding commitments. A key component is the implementation of an upstream sediment forebay designed to capture incoming sediment and reduce future sediment loading to Otter and Campbell Lakes. This feature will protect the longevity of in-lake habitat improvements by maintaining water depth and reducing internal nutrient cycling.

The City will be responsible for ongoing inspection, maintenance, and periodic sediment removal from the forebay to ensure it retains its sediment capture capacity and continues to function as designed. Long-term maintenance and monitoring activities will be funded through the City’s budget planning process and supported by existing stormwater utility funds. This dedicated funding mechanism ensures that critical infrastructure supporting water quality and habitat improvements remains effective over time.

Actions to Maintain Project Outcomes

Year	Source of Funds	Step 1	Step 2	Step 3
2028	City of Hutchinson	Inspection of Forebay	Maintenance activities	-
2030	City of Hutchinson	Maintenance/Restoration activities of Forebay	-	-

Provide an assessment of how your program may celebrate cultural diversity or reach diverse communities in Minnesota, including reaching low- and moderate-income households:

The ecological deficiency Otter and Campbell Lakes prevents these public resources from reaching their full potential. There are health and accessibility concerns, that combined with limited ecological function, restrict the usage of these lakes for the public, including the local underserved communities in previously MPCA-identified Environmental Justice Areas of Concern (EJAC). The EJAC community previously defined in Hutchinson included areas where at least 40% of the population is living 185% below the federal poverty level. While this designation has been removed in the last year, the status of the community has not shifted notably with regards to median income; much of the low-income population exists and is underserved.

These improvements will create recreational opportunities for Otter and Campbell Lakes and the surrounding park space. Fishing piers accessible from the parks will better integrate these community amenities into a seamless waterfront experience through additional funding requests. The improvements will also provide greater access and consideration for low- and medium-income populatoins in the region. Lower-income individuals have limited access to the diverse recreational opportunities lakes offer relative to those with access to boats or waterfront property. This project seeks to ensure that all Hutchinson residents who want to enjoy these lakes have opportunity for interaction with high quality ecological resources.

Activity Details

Requirements

Will restoration and enhancement work follow best management practices including MS 84.973 Pollinator Habitat Program?

Yes

Is the restoration and enhancement activity on permanently protected land per 97A.056, Subd 13(f), tribal lands, and/or public waters per MS 103G.005, Subd. 15 or on lands to be acquired in this program?

Yes

Where does the activity take place?

Public Waters

Land Use

Will there be planting of any crop on OHF land purchased or restored in this program, either by the proposer or the end owner of the property, outside of the initial restoration of the land?

No

Will insecticides or fungicides (including neonicotinoid and fungicide treated seed) be used within any activities of this proposal either in the process of restoration or use as food plots?

No

Previous OHF Appropriations

Have you received OHF dollars through LSOHC for this program or project in the past?

No

Timeline

Activity Name	Estimated Completion Date
Selection of Consultant	July 2027
Easement Negotiations	July - December 2027
Survey	August - September 2027
Geotechnical and Bathymetric Investigation	August - September 2027
Natural Resources Delineation	August - September 2027
Pre-Design Review	September 2027
Permitting Review	October 2027 - October 2028
Approval of Draft Plans	May 2028
Approval of Final Plans and Specifications	September 2028
Advertisement for Bid	September 2028
Select Contractor	October 2028
Secure Permits	October 2028
Pre-Construction Meeting	October 2028
Mobilization	October - November 2028
Site Preparation	October - November 2028
In-Lake Sediment Removal (Phase 1)	October 2028 - March 2029
Drying and Sediment Disposal	October 2028 - June 2029
Punch List	July 2029
As-builts	September - October 2029

Budget

Totals

Item	Funding Request	Total Leverage	Leverage Source	Total
Personnel	-	-	-	-
Contracts	\$2,575,000	\$300,000	City of Hutchinson Funds 10% Match	\$2,875,000
Fee Acquisition w/ PILT	-	-	-	-
Fee Acquisition w/o PILT	-	-	-	-
Easement Acquisition	-	-	-	-
Easement Stewardship	-	-	-	-
Travel	-	-	-	-
Professional Services	\$425,000	-	-	\$425,000
Direct Support Services	-	-	-	-
DNR Land Acquisition Costs	-	-	-	-
Capital Equipment	-	-	-	-
Other Equipment/Tools	-	-	-	-
Supplies/Materials	-	-	-	-
DNR IDP	-	-	-	-
Grand Total	\$3,000,000	\$300,000	-	\$3,300,000

Amount of Request: \$3,000,000

Amount of Leverage: \$300,000

Leverage as a percent of the Request: 10.0%

DSS + Personnel: -

As a % of the total request: 0.0%

Easement Stewardship: -

As a % of the Easement Acquisition: -

Leverage Funding Table

	Leverage Amount Committed	Leverage Amount Confirmed (of Committed Funds)	Leverage Amount Anticipated	Total Leverage
Amount:	\$300,000	\$300,000	-	\$300,000
% of Total Leverage:	100.0%	100.0%	0.0%	

Detail leverage sources and confirmation of funds:

The City of Hutchinson previously allocated \$500,000 for Otter and Campbell Lakes restoration activities and watershed management. A portion of those funds will be leveraged for this project.

Does this proposal have the ability to be scalable?

Yes

If the project received 50% of the requested funding

Describe how the scaling would affect acres/activities and if not proportionately reduced, why?

At 50% funding, Phase 1 could still complete targeted sediment removal and limited habitat installation in

priority areas. This would improve localized water quality and fish habitat, demonstrating ecological benefits and building momentum, but would reduce overall habitat acreage restored or potentially limit proposed impacted acreage to enhancement only.

Describe how personnel and DSS expenses would be adjusted and if not proportionately reduced, why?

N/A

If the project received 30% of the requested funding

Describe how the scaling would affect acres/activities and if not proportionately reduced, why?

At 30% funding, the project would not be successful because fixed upfront costs—such as final design, permitting, and mobilization—would consume most available funds. Insufficient resources would remain for meaningful sediment removal or habitat installation, preventing measurable habitat improvements and limiting ecological benefits or demonstration of project effectiveness.

Describe how personnel and DSS expenses would be adjusted and if not proportionately reduced, why?

N/A

What other dedicated funds may collaborate with or contribute to this proposal?

Environment and Natural Resource Trust Fund

Contracts

What is included in the contracts line?

Construction activities including pre-construction coordination, mobilization, sediment removal, sediment drying and disposal, habitat installation, and project closeout.

Professional Services

What is included in the Professional Services line?

Design/Engineering

Other : Temporary easement acquisition

Surveys

Federal Funds

Do you anticipate federal funds as a match for this program?

No

Output Tables

Acres by Resource Type (Table 1)

Type	Wetland	Prairie	Forest	Habitat	Total Acres
Restore	10	0	0	130	140
Protect in Fee with State PILT Liability	0	0	0	0	0
Protect in Fee w/o State PILT Liability	0	0	0	0	0
Protect in Easement	0	0	0	0	0
Enhance	0	0	0	0	0
Total	10	0	0	130	140

Restoration/Enhancement Acres Breakdown of Existing Protected Lands (Table 1a.2)

	RESTORE: Lands acquired with OHF	RESTORE: Lands NOT acquired with OHF	ENHANCE: Lands acquired with OHF	ENHANCE: Lands NOT acquired with OHF
DNR Lands (WMA, State Forests, etc.)	0	140	0	0
Non-DNR Lands (city, state, federal, etc.)	0	0	0	0
Easements	0	0	0	0
Total	0	140	0	0

Total Requested Funding by Resource Type (Table 2)

Type	Wetland	Prairie	Forest	Habitat	Total Funding
Restore	\$215,000	-	-	\$2,785,000	\$3,000,000
Protect in Fee with State PILT Liability	-	-	-	-	-
Protect in Fee w/o State PILT Liability	-	-	-	-	-
Protect in Easement	-	-	-	-	-
Enhance	-	-	-	-	-
Total	\$215,000	-	-	\$2,785,000	\$3,000,000

Acres within each Ecological Section (Table 3)

Type	Metro/Urban	Forest/Prairie	SE Forest	Prairie	N. Forest	Total Acres
Restore	0	0	0	140	0	140
Protect in Fee with State PILT Liability	0	0	0	0	0	0
Protect in Fee w/o State PILT Liability	0	0	0	0	0	0
Protect in Easement	0	0	0	0	0	0
Enhance	0	0	0	0	0	0
Total	0	0	0	140	0	140

Total Requested Funding within each Ecological Section (Table 4)

Type	Metro/Urban	Forest/Prairie	SE Forest	Prairie	N. Forest	Total Funding
Restore	-	-	-	\$3,000,000	-	\$3,000,000
Protect in Fee with State PILT Liability	-	-	-	-	-	-
Protect in Fee w/o State PILT Liability	-	-	-	-	-	-
Protect in Easement	-	-	-	-	-	-
Enhance	-	-	-	-	-	-
Total	-	-	-	\$3,000,000	-	\$3,000,000

Average Cost per Acre by Resource Type (Table 5)

Type	Wetland	Prairie	Forest	Habitat
Restore	\$21,500	-	-	\$21,423
Protect in Fee with State PILT Liability	-	-	-	-
Protect in Fee w/o State PILT Liability	-	-	-	-
Protect in Easement	-	-	-	-
Enhance	-	-	-	-

Average Cost per Acre by Ecological Section (Table 6)

Type	Metro/Urban	Forest/Prairie	SE Forest	Prairie	N. Forest
Restore	-	-	-	\$21,428	-
Protect in Fee with State PILT Liability	-	-	-	-	-
Protect in Fee w/o State PILT Liability	-	-	-	-	-
Protect in Easement	-	-	-	-	-
Enhance	-	-	-	-	-

Target Lake/Stream/River Feet or Miles

140

Parcels

Sign-up Criteria?

No

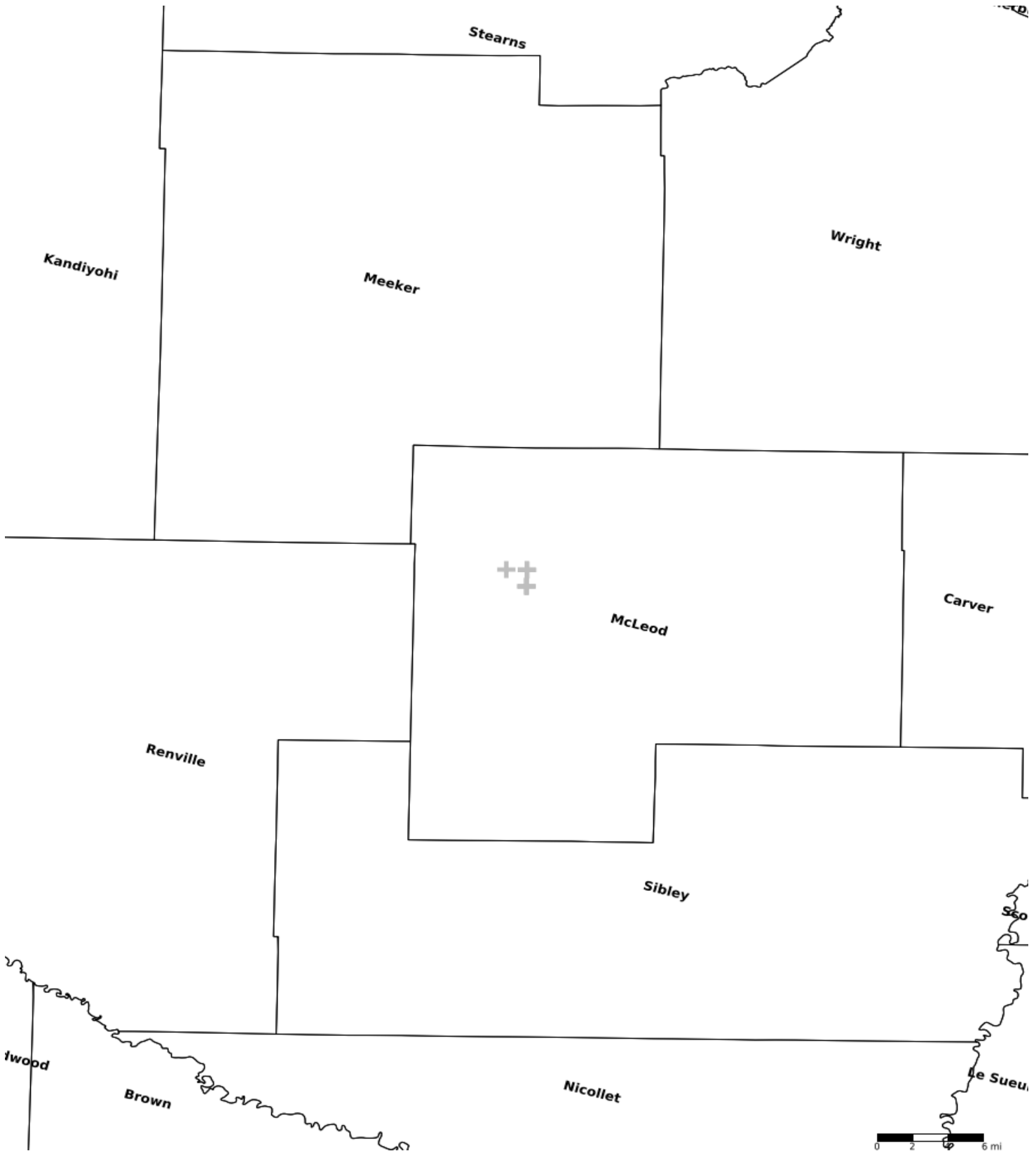
Explain the process used to identify, prioritize, and select the parcels on your list:

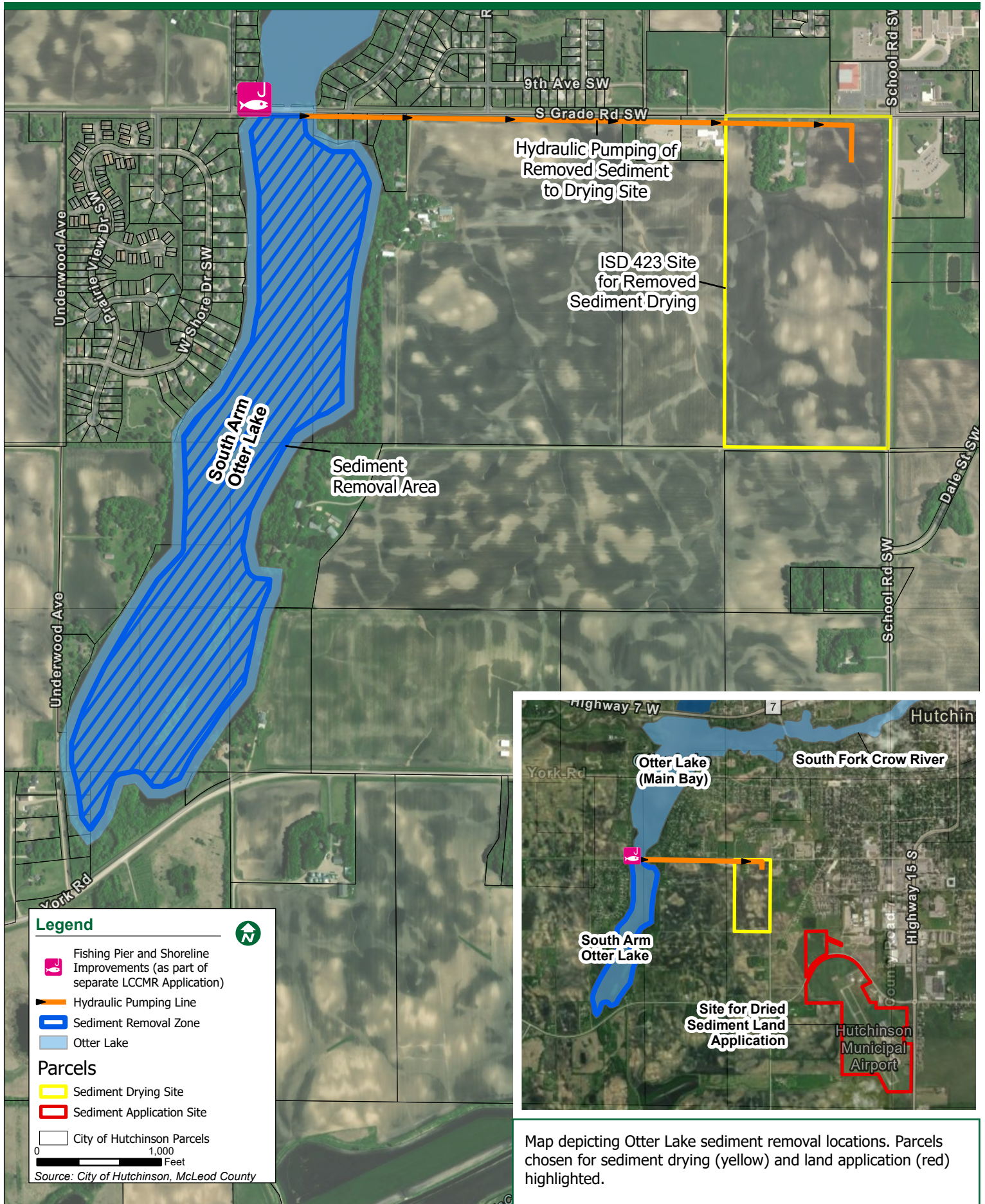
All restoration is occurring within public waters. All other parcels were identified as publicly owned and are only for staging and disposal of removed sediment material. There were identified and prioritized to expedite the project timeline and minimize costs to remove sediment from the lakes, making this project more economically efficient.

Other Parcels

Name	County	TRDS	Acres	Est Cost	Existing Protection
City Parcel 1	McLeod	1163012	71	\$0	No
City Parcel 2	McLeod	1163012	19	\$0	No
City Parcel 3	McLeod	1163012	4	\$0	No
City Parcel 4	McLeod	1163012	5	\$0	No
City Parcel 5	McLeod	1163013	161	\$0	No
City Parcel 6	McLeod	1163013	12	\$0	No
City Parcel 7	McLeod	1163013	9	\$0	No
ISD 423 Parcel 1	McLeod	1163012	9	\$25,000	No
ISD 423 Parcel 2	McLeod	1163011	71	\$100,000	No

Parcel Map





Map depicting Otter Lake sediment removal locations. Parcels chosen for sediment drying (yellow) and land application (red) highlighted.