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June 16th, 2023

Lessard-Sams Outdoor Heritage Council
100 Rev. Dr. Martin Luther King Jr. Blvd.
State Office Building, Room 55
St. Paul, MN 55155

Dear Lessard-Sams Outdoor Heritage Council,

This letter is in regards to the Retroactive Amendment Request to The SRWD's ML 2021 Appropriation and Accomplishment Plan, for our program titled ***Sauk River Watershed Habitat Protection & Restoration, Phase 3.***

The Sauk River Watershed District (SRWD) is committed to designing and constructing Capitol Improvement Projects (CIPs) that protect, restore, and enhance our watershed's resources. Through our Partnerships with United States Fish and Wildlife Service, the MN DNR, local SWCDS, Counties, and non-governmental conservation-based organizations, we have successfully completed acquisition, protection, restorations and enhancements of key parcels. These parcels and projects are targeted through the lens of Priority Management Units identified in *the Sauk River Comprehensive Watershed Management Plan* (SRCWMP), and selected through *The Nature Conservancy's (TNC) Multiple Benefits Analysis*.

The SRWD is seeking approval from the Outdoor Heritage Council to retroactively add two parcels comprising a nearly complete wetland-prairie complex restoration. As written in our Proposal and Accomplishment Plan, this phase targets "easily restorable wetland complexes, upland forests, floodplain forests, and prairies".

This amendment would allow the Sauk River Watershed District to match State of Minnesota taxpayer dollars with both USFWS Federal Duck Stamp funds used for permanent protection, and \$173,877.16 of USFWS NAWCA (North American Wetland Conservation Act) grant funding used for the design, permitting, and construction of the recently completed *Ellis Wetland-Prairie Complex Restoration*. This restoration will additionally be managed in perpetuity by the USFWS, to provide the best possible habitat for numerous upland species, migratory birds, and general wildlife. This restored wetland will also retain runoff and slowly meter it back out to the public drainage system, which drained the former large shallow lake, Crooked Lake, into Osakis Lake, headwaters of the Sauk River.

Drained in the year 1910, the Crooked Lake sub-watershed is responsible for 30% of the total phosphorus (TP) pollutant loading into Osakis Lake (SRCWMP 5-12). For decades the Crooked Lake Public Drainage System (JD2) has damaged fish and invertebrate habitat and diminished recreational opportunities. There is currently a large push amongst partners and the local public to restore the ecological function of the Crooked Lake Basin.

This sub-watershed has lost nearly all of its water storage and habitat with the high prevalence of public drainage systems. The SRWD & Partners, with LSOHC funding through 4 grant appropriations, and a 5th proposal for ML 2024, have firmly set forth to restore the ecological function of the Crooked Lake Basin

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and the Osakis Management Unit. As the headwater of the Sauk River, improvements made here, will have significant positive impacts downstream.

The Ellis Wetland Restoration project was originally led by the SRWD's previous Administrator, who resigned in fall 2021, and the previous Water Resource Manager (WRM), the project manager for this grant, who resigned in March of 2022. The first expense coded to this project dates 11/24/2021. Jon Roeschlein, former SRWD Ditch and Permit Manager, accepted the position of Interim Administrator on September 21st, 2021 and was hired as the Administrator effective January 3rd, 2022. With the resignation of the WRM at the end of March 2022, Roeschlein was charged with keeping 2 departments operating, as well as conducting the Administrator duties, while attempting to hire staff to fill the vacant positions. I, Steve Zeece, was hired as Water Resource Manager on November 7th, 2022, as the primary work on the project was nearing completion.

Not being familiar with LSOHC processes and learning on the fly, it was understood the *Ellis Wetland-Prairie Complex Restoration* project was slated to be completed using Phase 3 grant dollars appropriated to the SRWD. Project Status Reports written prior to the major staffing changes, identified the project and subsequent status reports followed suit with no indication that there needed to be an amendment request to add these parcels. Therefore, the work commenced with the District following MS 103D to advertise, obtain competitive bids and award the contract.

Once we learned there was a problem with reimbursement due to the parcels not being specifically listed in the LSOHC system, we took action to add them and request an amendment to the Accomplishment Plan. Your executive director informed us that this would need to be a retroactive approval which could only be approved by the full council.

The question we believe needs to be answered is *If this amendment request to include the parcels for this project had been made at the proper time in the process, would it have been approved?* We believe the project fits the purpose, goals, and objectives of this grant program and believe the answer would have been *Yes*. We would not have proceeded to expend these funds had we been aware there was an amendment needed. We will have additional documentation and details about the project available for the council if additional information is desired.

In conclusion, we understand that the responsibility for this oversight rests on the SRWD. We believe this oversight in the process was an honest mistake and we ask the council to consider approval of this amendment request.

We thank your staff, Sandy Smith and Mark Johnson for guiding us through this process.

Sincerely,

Steve Zeece III
Water Resource Manager

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