



Council Agenda Item 26-0381R

MEETING DATE: May 11, 2026

SUBJECT/TITLE: RESOLUTION AUTHORIZING A PROJECT AND LICENSE AGREEMENT WITH THE MINNESOTA DEPARTMENT OF NATURAL RESOURCES TO IMPLEMENT THE MUD LAKE HABITAT RESTORATION PROJECT

SUBMITTED BY: Kate Kubiak; Natural Resources Coordinator

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION: 18-0693R – RESOLUTION AUTHORIZING THE CITY TO ENTER INTO A JOINT POWERS AGREEMENT WITH THE STATE OF MINNESOTA, DEPARTMENT OF NATURAL RESOURCES, FOR FINANCIAL ASSISTANCE NOT TO EXCEED \$5,000 FOR THE COMPARATIVE ANALYSIS OF MUD LAKE.

BACKGROUND: MNDNR will be embarking on a project to restore aquatic habitat in Mud Lake and improve hydrologic connectivity between Mud Lake and the St. Louis River in the summer of 2026. The MNDNR has been designing and coordinating the project with the US Army Corps of Engineers for the past five years and they are finally ready to move to construction.

The St. Louis River is listed as an Area of Concern and, over the past two decades, many projects have been implemented in the Estuary in an effort to ultimately “Delist” the River. The Mud Lake project is the final St. Louis River Area of Concern project in Minnesota and will restore approximately 250 acres, contributing to the removal of Beneficial Use Impairment (BUI) 9: Loss of Fish and Wildlife Habitat. A few AOC projects still need to be completed in Wisconsin, and, once complete, the River is expected to be delisted in 2031.

The City fully supports this project as it has supported wild rice restoration, sediment remediation and other habitat restoration projects in the Estuary for more than a decade. U.S. Steel is permitting the MNDNR to use their property for much of the staging, and access to the site. The City will allow the MN DNR to alter the City-owned causeway crossing Mud Lake by creating another opening. This will allow for more flow and hydrologic exchange between the River and Mud Lake, enhancing habitat and estuary dynamics. The Lake Superior and Mississippi Railroad will be responsible for maintaining the new infrastructure (bridge). This responsibility is clarified under a separate agreement with the City. The project is expected to take two years to complete.

BUDGET/FISCAL IMPACT: The project is being implemented at no cost to the City. The project is funded through the Great Lakes Restoration Initiative, the MN Outdoor Heritage Fund and MN State Bond Funds. All funding is held and managed by the MNDNR.

OPTIONS: Approve the resolution and the project can move ahead as planned. If denied, the project will be halted.

NECESSARY ACTION: Approve

ATTACHMENTS: Exhibit 1 – Mud Lake Project and License Agreement