

MN Department of Natural Resources  
Sax Zim and School Trust Improvement Project  
St. Louis County

Background:

The Department manages the Sax, Zim and Fermoy WMA's ("Sax Zim") (2175 acres), and an additional 10,750 acres of School/Swamp Trust and State Forest lands in Township 55N Ranges 17 and 18 and Township 54N Ranges 17 and 18. There also is a mix of county tax forfeit (2500 acres) and private lands (3600 acres) here. These lands all have extensive ditch drainage throughout the landscape. UMN and NRRI have a successful, small, experimental wetland restoration/mitigation bank here.

Much of the Trust land is inaccessible and unproductive timberland. Sax Zim is an important bird area and popular WMA with a fragmented DNR ownership. Private lands and county tax forfeit lands occur in and around the state's ownerships here.

This potential project involves "trading up" on School Trust lands to more productive lands that provide better access and management for existing School Trust and other state forest lands. It also involves potentially adding or improving the configuration of the WMA.

It also involves a large wetland restoration project at a time the Department and other agencies are under pressure to assist in the growth of counties like St. Louis where constraints exist on providing appropriate wetland credits.

Specifics:

Proposed is a project to exchange School Trust lands here for better forest lands elsewhere in the county that are currently privately owned. The former Trust lands here would become privately owned for a length of time and restored.

It is also proposed, if desired, for the Department to secure additional (currently private) acreage here to add to the Sax Zim WMA after the private land is restored. The existing WMA is not proposed for any wetland restoration or exchange.

St. Louis County is a proponent of this concept and likewise is exploring exchanging its tax forfeit lands here for better land elsewhere.

A private company, Ecosystem Investment Partners ("EIP"), with assistance from The Conservation Fund, is acquiring the private lands (some 3600 acres) and would combine these lands with 'former' state and county lands here for a wetland restoration project (and sale of wetland credits).

Details:

To scope this project appropriately, the Department needs to look at both the School Trust lands and the WMA:

- School Trust:
  1. Examine the merits of holding on to this School Trust land. If "trading up" has greater merit, then....
  2. Examine a draft suite of potential private lands for their suitability and benefit to the School Trust and other state land in St. Louis County. This suite of lands has been identified from a single willing seller. (Additional lands from this private owner may also be made available in the event some of the proposed lands are not suitable.)

3. Once a suite of desired lands is determined, then these lands and the School Trust lands would undergo the required appraisal and title examination process. Some cost-share may be available from EIP for these costs. The land exchange would likely be between the state and The Conservation Fund (which will have acquired the private 'exchange' lands). The Conservation Fund would subsequently sell the newly-exchanged, former state lands, to EIP.
- Sax Zim WMA:
    1. Examine the potential needs of the WMA and how restored, adjacent lands might fit in once they are restored (looking at the current private lands as well as post-restored current county and state lands that could be returned to public ownership if desired).
    2. Should the Department desire additional lands under EIP ownership, they would be conveyed post-restoration.

Other:

EIP would endow its holdings so that under any future ownership the property taxes would be paid. Under current wetland banking rules, EIP's lands would become subject to a restrictive easement and management endowment per usual mitigation practice. Lands not desired by public agencies may be conveyed to other private entities in the future after EIP's tenure.

**Bottom Line**

- Trust Lands will have a higher potential to generate revenue
- County land portfolio will have a greater potential for revenue generation
- Public lands will be consolidated, providing better habitat and increased access and recreational opportunities
- World-renowned Sax-Zim Bog will be protected and the visitor experience will be enhanced
- Vast wetlands will be restored
- Mitigation will happen in the watershed where mitigation credits are needed
- Mitigation bank in this location will relieve pressure on other counties in the region to provide mitigation for Saint Louis County
- Degraded natural areas will be restored at no cost to the government and this restoration will be bonded to ensure the resources are available for success
- Privately held lands will continue to pay taxes
- Saint Louis County, DNR, conservation groups and private companies all working together is unusual