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# SILVER BAY COMPREHENSIVE PLAN

City of Silver Bay, Minnesota



August 2007

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# City of Silver Bay Comprehensive Plan

*Adopted August 20, 2007*

Adopted by:

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*This project was funded in part under the Coastal Zone Management Act, by NOAA's Office of Ocean and Coastal Resource Management in conjunction with Minnesota's Lake Superior Coastal Program and by local units of government of the North Shore of Lake Superior.*







## SILVER BAY COMPREHENSIVE PLAN

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## SECTION ONE: INTRODUCTION AND BACKGROUND

The City of Silver Bay was created as a planned community in the early 1950's on the North Shore of Lake Superior by Reserve Mining Company to serve as a housing and service center for employees of its new taconite processing plant and shipping harbor. The City has been subject to several upswings and downturns in the national and regional economies due to its dependence on the taconite mining and steel industries. In 2006 the City celebrated its 50<sup>th</sup> anniversary.



### Project Background

In March of 2006 the City of Silver Bay awarded the Arrowhead Regional Development Commission the work to update the City's Comprehensive Plan. The existing plan was completed in 1993. The City and region have since experienced resurgence in the taconite and mining industries, growing travel and tourism along the North Shore Scenic Drive, and increased housing starts, especially by seasonal and newly retired residents.

The basic format for completing this Comprehensive Plan update is:

- A. Background Development
- B. Issue Identification
- C. Recommendation Development
- D. Implementation & Publishing

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### A Brief History of Silver Bay

The following information has been adapted from information that originally appeared in the 1993 *City of Silver Bay Comprehensive Plan Report and Guide Plan* and the City history provided by the Bay Area Historical Society on the City of Silver Bay webpage.

Silver Bay was built in the early 1950's by the Reserve Mining Company according to a preconceived comprehensive plan. Silver Bay was developed to provide housing and urban services for employees of the company's new taconite processing plant.

Taconite processing requires a significant water source and the decision was made to locate the processing plant near the shore of Lake Superior and the shipping facilities at Silver Bay. The taconite processing plant and shipping facilities were connected by rail to the extraction area on the Iron Range and another new, planned community – Babbitt.

City Planning, engineering, and architectural consultants were employed to select a town site near the water source and to plan its development. Buck Valley, extending west from the processing and shipping site was selected. The City was designed with homes, streets, schools, shopping center, and other facilities necessary for a town of 3,700 people.



The City of Silver Bay was built by the Reserve Mining Company in the 1950's to provide housing and community services to employees at its taconite processing and shipping facilities on Lake Superior.

The first homes were constructed in the 1952. Four years later the area was incorporated as a village under the Optional Plan A according to State Statutes. The village received a good financial start tied to the investments and help from Reserve Mining. In the beginning, all of the homes, utilities, streets, and other facilities were constructed by the Company.

In 1958, William Kelley High School, named for Reserve's first president, was opened eliminating the long 28-mile bus ride to Two Harbors. That same year, Reserve announced that it was selling its shopping centers in Babbitt and Silver Bay to J. W. Galbraith.

In 1960, plans were announced for a significant expansion of the taconite plant. The \$100 million in investment created an additional 400 jobs. In addition to industrial expansion, the Company sold land for residential expansion when needed to accommodate the additional employees. The City's businesses expanded and the Mary MacDonald Elementary School was built.

Between 1960 and 1970 Silver Bay experienced a slight decrease in population. During this time period Lake County and the Arrowhead Region also experienced slight decreases in their populations. The population decreases in Silver Bay and Lake County can be directly attributed to a slight decrease in employment at Reserve Mining Company from 1148 employees in 1960 to 1115 employees in 1970. In 1970 over sixty percent of the employees in Silver Bay worked in the mining industry.

The 1960's were prosperous, but Reserve was coming under increasing pressure to stop dumping its waste rock into Lake Superior. On February 17, 1972, the U.S. Justice Department filed suit against Reserve for an alleged violation of the Rivers and Harbors Act of 1899 which prohibited the dumping of harmful materials into interstate waters. For five years, as the trial dragged on, everyone who lived in Silver Bay or worked for Reserve wondered if they would continue to have homes and jobs. Finally, on July 7, 1977, Reserve was given permission to build a tailings storage basin seven miles inland from Silver Bay at Mile Post 7.

This brought the third construction period when Reserve invested \$370 million to reduce its air and water pollution by the court-ordered April 15, 1980, deadline.

Within two years of the completion of the Mile Post 7 project, the demand for steel declined. Mills, mines and plants were closing and thousands of people were losing their jobs. Reserve cut its production and workforce and finally closed on July 31, 1986. Over its 30 years of operations, Reserve shipped almost 219,024,410 tons of pellets.

For three years it seemed that no one was anxious to rehabilitate Reserve's idled plant. Silver Bay's population dropped from 2,917 in 1980 to 1,894 in 1990 as people left for work elsewhere. In the spring of 1989, two companies showed a strong interest in acquiring Reserve. A bidding war took place between Cyprus Minerals of Denver,



Colorado, and Cleveland Cliffs of Cleveland, Ohio. Even though Cliffs topped the Cyprus offer by \$1 million, the bankruptcy judge awarded the \$680 million plant to Cyprus. After spending \$30 million for repairs and renovations, the renamed Cyprus North Shore Mining Company began making pellets again. In the fall of 1994, Cyprus North Shore Mining was sold to Cleveland Cliffs.

In addition to the reopening of the taconite processing plant the Minnesota Veterans Home opened in 1989. The economy of the area started to stabilize and move in a positive direction.

The Minnesota Department of Natural Resources and US Army Corps of Engineers completed the Silver Bay Marina, the first of several planned marina's and safe harbors on the North Shore of Lake Superior. The marina opened in August of 1999 with the City overseeing operations.

During the summer of 2006 the City passed another milestone by celebrating its 50<sup>th</sup> anniversary with a summer Jubilee celebration and the commissioning of video commemorating the City's history.

### History of Planning in Silver Bay

Silver Bay's history of responsible planning stretches back to its earliest days. The City was built in the early 1950's by the Reserve Mining Company according to a preconceived comprehensive plan. Silver Bay was developed to provide housing and urban services for employees of the company's new taconite processing plant.

Early in 1960, the City of Silver Bay contracted with the state department of Business Development for the professional assistances in preparing a comprehensive plan for the City. In 1992 the City Council once again felt the need to understand the capabilities of the community and decided to update the comprehensive plan for the City. By then, most of the area planned in the 1960 comprehensive plan had been developed.

### **Demographics**

Like most areas in Lake County, Silver Bay experienced a large population decline during the 1970s and 1980s. During the 1990s Silver Bay enjoyed a slow but steady population rebound. According to the US Census Silver Bay had a 1990 population of 1,894 (down from 3,504 in 1970) and had grown by about nine percent to a 2000 population of 2,068 residents. An estimated 2,039 people resided in the City in 2005. Census estimates project a slow rate of growth throughout the next twenty years. The chart below details Silver Bay's actual and estimated population patterns from 1970 through 2030. When compared to Lake County Silver Bay shows similar population trends. If these population trends continue Silver Bay will need to prepare for an additional 430 residents. Based on average household sizes this could range from 150 to 190 additional families.



**Table 1-1: Silver Bay Population Trends**

Year	Silver Bay	Lake County
1970	3,504	13,357
1980	2,917	13,43
1990	1,894	10,415
2000	2,068	11,058
2005	2,039	11,189
2010*	2,199	11,810
2015*	2,287	12,240
2020*	2,361	12,590
2025*	2,425	12,890
2030*	2,469	13,110

Source: Minnesota State Demographic Center, 2005  
 \* - Population estimate

As is common with many of the rural towns in Northeast Minnesota, Silver Bay’s population is older than the state average (43.5 years vs. 35.4 years statewide). Silver Bay’s residents are also slightly older than Lake County (42.9 years) as a whole. According to the 2000 Census Silver Bay’s population breakdown by age was as follows in the next table. The City is home to the Minnesota Veteran’s Home facility. These residents added to the general population means that twenty-seven percent of the City’s residents are age 65 and over. This number is likely to grow in the future and will present challenges to Silver Bay to provide community services that are accessible to this population.

**Table 1-2: Silver Bay Population by Age**

Age Group	Population	Percent
Under 18	504	24.4%
18 – 24	88	4.3%
25 – 39	329	15.9%
40 – 64	585	28.2%
65 and over	562	27.2%
Total	2,068	100%

Source: Minnesota Land Management Information Center based on 2000 U.S. Census Data.

On average the population of Silver Bay is less affluent than the whole of Lake County and the State of Minnesota. The City, however, slightly lower poverty rate than the county, 6.8 percent compared to 7.4 percent. Socioeconomic data for the City of Silver Bay and Lake County are compared below:

**Table 1-3: Socioeconomic Indicators**

	Silver Bay	Lake County
Median Household Income (1999)	\$36,524	\$40,402
Population Below Poverty Level	138 (6.8%)	796 (7.4%)
Median Age	43.5	42.9

Source: Minnesota Land Management Information Center based on 2000 U.S. Census Data.



## SECTION TWO: TRANSPORTATION & PUBLIC WORKS

Silver Bay is located in southern Lake County, on the North Shore of Lake Superior just off of Trunk Highway 61, which serves as the City’s main connection to neighboring communities and commerce. Forest Highway 11, a state scenic byway connects Silver Bay to the Iron Range.

### Assessments and Recommendations

Silver Bay’s transportation system consists of road and street network, rail, air, water, and non-motorized transportation networks.



Forest Highway 11, designated the Superior National Forest State Scenic Byway provides Silver Bay with a scenic connection to the Iron Range.

**Road and Street Transportation:** Silver Bay’s road and street transportation system is best examined by breaking the system into categories based upon the jurisdiction which has authority over the infrastructure: The Minnesota Department of Transportation, Lake County, and the City of Silver Bay. See Map 2.1 for a traffic count map created by Mn/DOT based upon 2004 and 2005 traffic Counts.

Minnesota Department of Transportation: Mn/DOT oversees Trunk Highway 61. Trunk Highway 61 connects Silver Bay to neighboring communities in the region and the economic center of Duluth. Highway 61 is also known as the North Shore Scenic Drive and is designated an “All American Road” by the National Scenic Byways Committee. Highway 61 carries a significant amount of tourist traffic due to the large number of attractions along the North Shore. Silver Bay’s location along Highway 61 is also an important feature in the City’s economic development efforts.

- Assessment: The 1993 Comprehensive Plan indicated that improvements to Highway 61 through Silver Bay would be an important project for the community. Mn/DOT recently finished reconstruction of a segment of the highway in Silver Bay. The project included widening and additional lanes and shoulders and traffic signals at the intersection with Outer Drive leading into the heart of town. This project is a positive for the City and is viewed as especially beneficial in terms of improving access to the City and its industrial park.
- The entire length of Trunk Highway 61 up and down the North Shore has slowly been undergoing reconstruction of its original road and base. An improved highway will benefit the City’s residents and businesses. The City of Silver Bay should continue to actively support the reconstruction of Trunk Highway 61 by participating in Mn/DOT planning meetings, writing letters of support to decision makers, legislators, Members of Congress, and others when appropriate or when asked by the State or Lake County.
- The North Shore Management Plan Update also addresses access management by stating that permits for development for properties need confirmation from



Mn/DOT. The City should incorporate this element into the local development process.

Lake County: County State Aid Highway 5, also known as Outer Drive is an important connector route in Silver Bay. CSAH 5 intersects with Highway 61 and provides the main entrance to the City core. Outer Drive recently underwent significant improvements at its intersection with Highway 61 through widening and additional lanes and shoulders and traffic signals. CSAH 5 is also designated as Forest Highway 11 through a portion of the City. Forest Highway 11 is the Superior National Forest State Scenic Byway and connects the North Shore to the Iron Range.

Local Street System: The City operates and maintains a local street network. The system is well planned and offers excellent connections for residents and businesses. The City's Street Department carries out repairs and maintenance as needed.

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- An engineering study examining the systems needs has been completed. This will be the basis for a five year Capital Improvement Program for the City's street system.
- The City and Lake County are currently discussing transferring some streets to County State Aid designation which would provide additional funding for maintenance and upgrades on those streets.
- Current development trends and the lack of available land for large scale developments in the City core suggest that future housing may develop along the periphery of Silver Bay including the ridgeline, shore, and near the golf course. The City will need to set street design and construction standards and provide guidelines for both motorized and non motorized-connectivity.

**Other Transportation Systems:** Silver Bay is also served by air, rail, water, and non-motorized transportation systems.

Wayne Johnson Silver Bay Memorial Airport: The Wayne Johnson Silver Bay Municipal Airport is located seven miles southwest of Silver Bay and offers a runway that is 3,200 feet long by 75 feet wide. The airport serves small planes and the city does currently advertise it as an asset in its economic development efforts.

Railroads: The rail line that serves Silver Bay is not a common-carrier route. North Shore Mining operates the rail line to ship taconite from its mine in Babbitt to Silver Bay to be processed. The rail line location in Silver Bay does not seem to present a safety or connectivity problem in terms of future development in the city. Safety has been improved at the Highway 61 crossing.

Water Transportation: A port has been developed on Lake Superior to exclusively serve North Shore Mining's processing plant. However, it is possible the port could be modified to accommodate other commercial traffic. The City has a full-service marina but it serves recreational craft not commercial transportation vessels.



**Non-Motorized Transportation:** When completed, the Gitchi-Gami State Trail will be an eighty-six mile paved, non-motorized trail between Two Harbors and Grand Marais. The trail parallels Trunk Highway 61 in most sections. The Minnesota Department of Natural Resources is the lead agency responsible for trail development and maintenance. Several sections are already complete and others are being constructed as Mn/DOT reconstructs TH 61. The section between Beaver Bay and Silver Bay been scheduled for 2007, however, this has been delayed due to problems securing a trail crossing at the railroad. The City Council has appointed a representative to work with the DNR and Railroad to resolve this issue.

### **Public Works**

**Public Utility Infrastructure:** The City of Silver Bay owns and operates public utilities which include water and sewer. A newly constructed wastewater treatment plant was completed in 1995 which increased the average daily design flow to 919,000 gallons. The current average daily flow is 300,000 gallons per day. The City's water treatment facility was upgraded in 2007 and has the capacity to treat and pump over two million gallons per day and has an average daily flow of 350,000 gallons. The system currently meets all regulations; however, any future changes from the Minnesota Department of Health and Minnesota Pollution Control Agency will need to be addressed by the City.



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**SECTION THREE: HOUSING**

The City of Silver Bay was built over a relatively short period of time in the late 1950s and early 1960s as a company town. The result is a housing stock that is similar in design and age. This presents unique challenges in maintaining the housing stock. In addition to the City’s traditional residential areas Silver Bay has the potential to develop new types of housing catering to seasonal home owners and retirees because of its attractive location on the North Shore of Lake Superior.



**Housing Background**

Important issues to consider when assessing Silver Bay’s housing stock include:

- According to the Minnesota Land Management Information Center Silver Bay had 915 housing units in 2005. (The 2000 Census places this number at 933.)
- Single family housing is the most prevalent form of housing in the City and accounts for about eighty-nine percent of the existing housing stock. Silver Bay was built as a planned community in the late 1950s and early 1960s. As a result, the bulk of the City’s housing stock; approximately eighty-five percent was built between 1956 and 1970, is smaller than modern houses, and share a near identical design.

**Table 3-1: Age of Housing Stock**

Year Built	Houses	Percent
1940-1949	11	1.2 %
1950-1959	638	69.7 %
1960-1969	139	15.2 %
1970-1979	75	8.2 %
1980-1989	18	2 %
1990-1994	8	.9 %
1995-1998	24	2.6 %
1999-2000	2	.2 %
Total	915	100 %
Source: LMIC, 2005		

- There are 844 (90.5%) occupied housing units in Silver Bay and 89 vacant units. Silver Bay’s vacancy rate is about 9.5 percent where the County’s is about 32 percent (2,194 units). Other important occupancy statistics include:
  - 748 (88.6%) of the occupied units are owner occupied, 96 (11.4%) are renter occupied.
  - Of the eighty-nine vacant units, fifty-four (61 percent) are seasonal recreational housing, six are rentals and fourteen are single family homes.



- The average median housing value in Silver Bay is \$47,700 compared to \$75,600 in Lake County.
- The type of housing is often just as important as the number and quality of units. Silver Bay’s population is older than the national, state, and regional averages.
- As Silver Bay’s population continues to age the City will need to consider alternative housing situations for its residents including town homes and assisted living facilities. The City currently offers a number of rental units, catering mostly to senior citizens. The City has formed an ad hoc committee to study this issue. A final report is expected in the summer of 2007.
- Affordable workforce housing is also an emerging issue in the Arrowhead Region. Although the median housing value in Silver Bay is relatively modest, the lack of available units could hamper economic expansion in the City.

**Assessments and Recommendations**

Existing Housing Stock: Description: As previously stated the vast majority of Silver Bay’s housing stock was constructed in the late 1950s and 1960s when the city was first built. The majority of residences and properties in the city are well maintained and attractive from the outside. The vacancy rate, at 9.5 percent, is very low.

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All cities face issues as housing stock ages. Silver Bay’s issues will be compounded as nearly seventy percent of the housing stock is fifty years old and an additional fifteen percent was built before 1970. The lack of available housing may prevent population growth.

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RECOMMENDATION 1: The City should encourage rehabilitation of existing housing as part of its long term efforts to maintain a stable housing stock. The majority of the burden to rehabilitate housing will fall upon individual owners. However, there are programs, such as the Small Cities Redevelopment Program through the Minnesota Department of Employment and Economic Development, which the City can participate in to offer grants and loans.

RECOMMENDATION 2: If current housing trends on the North Shore continue the City will need to balance the development of upper-market and resort housing with the need to maintain and expand quality affordable housing options for its residents so that the city can develop in a balanced matter. The city currently has developable land in areas zoned R-2 and FR which are intended for residential development. The R-2 zone is ideal for this type of housing as it encourages density can be easily accessed by public infrastructure and utilities

Bell Apartments Site: The Bell Apartments are an abandoned privately owned rental property. The City condemned and took ownership control of the site and recently received an Iron Range Resources grant to remediate the site in preparation for

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demolition. The site represents a significant opportunity for infill development. The City held a public meeting in February to discuss the future use of this site.

The site represents an important and rare opportunity for infill redevelopment in the City. Retaining the R-2 offers several options; the City can work to redevelop the site as a mix of single family, two-family, and multi-unit housing. The City may also consider this property for a partnership with a developer to develop an assisted living development or other type of housing that will cater to aging residents.



The City condemned and has demolished the abandoned Bell Apartments Site with hopes for quality infill development occurring.

The City has incurred significant expenses in acquisition, litigation, and demolition costs and wishes to recoup at least part of these expenses.

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Following the public meeting the City decided to pursue an open real estate listing option and entertaining all types of development inquiries and will review each on its own merits.

Golf Course Housing Project: Discussions of an expansion of the Silver Bay Golf Course are beginning. This discussion is in the preliminary stages. If and when this expansion will take place is uncertain. However, the possible expansion raises the potential for market rate and upper market rate housing to be developed in close proximity to the golf course.

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The discussions for golf course expansion are in the early stages. Discussions between the City, Silver Bay Country Club and adjacent landowners and planning for housing needs to be an integral part of this process.

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RECOMMENDATION 3: If and when a golf course expansion becomes feasible, discussion of future housing adjacent to the golf course needs to be included early in the planning stage. It is likely that a professional housing market study will need to be completed. The study should be timed early in the golf course planning process. This should include an examination of preferred zoning, and types and numbers of housing and services.

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**SECTION FOUR: RECREATION**

Silver Bay is home to ten existing recreation areas/park facilities, ten miles of hiking trails which interlink with the Superior Hiking Trail, as well as snowmobile and cross country ski trails. The City also operates the DNR Marina on Lake Superior and sponsors a city recreation league. A more complete description of the recreational opportunities offered in Silver Bay can be found in the City’s Parks and Recreation Plan.



Silver Bay boasts many recreational opportunities for residents and visitors alike, including connections to the Superior Hiking Trail.

The many recreational facilities in and around Silver Bay fulfill two roles. First, and foremost, they provide recreational opportunities for the City’s residents. Tourists are also attracted to the region because of its many recreational opportunities. Silver Bays facilities, particularly its trail systems, marina, and the coming Gitchi-Gami Trail, can be used to attract visitors to the City.

**Assessments and Recommendations**

Silver Bay Parks and Recreation Plan: The City Parks and Recreation board completed the Plan in 2005. The Plan includes a comprehensive assessment of community recreation needs, recommendations on how to meet those needs, a capital improvement program to assist in making the financial decisions regarding recreation improvements, and a maintenance schedule for facilities. The cost for completing the recommendations in the Plan is beyond current and projected financial capabilities.

RECOMMENDATION 4: The Parks and Recreation Plan is a valuable tool and the City should continue to implement the Silver Bay 2005-2009 Parks and Recreation Plan. The Parks and Recreation Commission should continue to review the plan annually and adjust accordingly for progress made and changes in financial capabilities. The Plan will need to be completely updated and extended another five years before the end of the 2009 calendar year.

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RECOMMENDATION 5: The 2005 Parks and Recreation Plan identifies development of a municipal campground as a priority. This represents an opportunity the City should begin to seriously explore. In order to move ahead with a campground the City will need to identify possible sites, potential funding sources including grants, and develop a plan to design and construct the campground.

- o The Planning Commission will need to assess potential sites to determine if a rezoning of the property is needed. If rezoning is needed, the City should rezone to FR, RR, or RC.



- If and when the City chooses to pursue a new campground it should apply for grant funding to cover part of the costs involved in planning and construction. ASTAR grant through the Department of Natural Resources Coastal Program can be used to develop a campground plan and design documents. The grant program can provide a 1:1 match up to \$5,000 and can be applied for at any time during the year. Coastal Program construction grants may also be applied for through a separate application for up to \$20,000 with 3:1 match requirements.

Gitchi - Gami State Trail: When completed, the Gitchi-Gami State Trail will be an eighty-six mile paved, non-motorized trail between Two Harbors and Grand Marais. The trail parallels Trunk Highway 61 in most sections. The Minnesota Department of Natural Resources is the lead agency responsible for trail development and maintenance. Several sections are already complete and others are being constructed as Mn/DOT reconstructs TH 61. The section between Beaver Bay and Silver Bay been scheduled for 2007, however, this has been delayed due to problems securing a trail crossing at the railroad. The City Council has appointed a representative to work with the DNR and Railroad to resolve this issue.

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Silver Bay Golf Course: The Silver Bay Golf Course is a nine hole course with driving range and club house. It is located on the west end of town and offers scenic views. Expansion to eighteen holes is currently in the preliminary discussion stage. Reserving areas for housing development has also been included in these discussions.



## SECTION FIVE: LAND USE AND ZONING

The City of Silver Bay is a planned community built in the 1950s and 1960s. Much of the current land use in the city core (Buck Valley) reflects this fact. The city contains a significant amount of undeveloped land. Most of this land is owned by the State, County, Federal Government, and North Shore Mining and is likely to remain. So, despite the appearance of available land for development the City has a limited amount of developable land and it is therefore important that the City adopt responsible land use controls to help develop suitable land in a sustainable matter. Recommendations in the Housing section address the limited land available for residential development in the community core.

### Assessments and Recommendations

Lake Superior Shorelands: Silver Bay’s location on the shorelands of Lake Superior is one of its strongest assets. Residents and visitors are attracted to the area for the natural beauty of the Lake, its rugged rocky shoreline, and its forested ridgeline.

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Development of Lake Superior shoreline is changing the views of the Lake from the perspective of Highway 61. Development on the ridge could also impact views for residents and visitors. Changes in scenery could result in fewer tourists on the North Shore. Other development pressures also threaten to alter the natural qualities of the area.

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The City of Silver Bay currently participates in the North Shore Management Board and has adopted the 1989 North Shore Management Plan standards.

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RECOMMENDATION 6: Adopt the 2004 North Shore Management Plan Standards. Silver Bay should adopt and implement the updated shoreland management standards which have been refined and modernized since the 1989 NSMP.

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RECOMMENDATION 7: The City should update its Zoning Code to include Condominiums. The City should add Condominiums as a conditional use in the “RR” – Resort and Recreation District. Condominiums are currently only allowed in the “RR” District with a PUD. This update should include a definition based on the State building code. Condominiums have become a popular type of housing development on the North Shore and raise special issues because of the type of ownership, operations, and the large number of public resources such as water and sewer capacity that large scale developments can consume.

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## SECTION SIX: COMMUNITY AND ECONOMIC DEVELOPMENT

The City of Silver Bay was founded as a company town by the Reserve Mining Company to support the taconite processing facility built nearby on the shore of Lake Superior. Silver Bay's fortunes remain closely tied to those of the taconite facility, now operated by Northshore Mining. However, since the downturns in the taconite industry and the closing of the Reserve facility in the late 1980s the City has worked to broaden its economic base. The Minnesota Veteran's Home opened in 1989 adding a new major employer to the area and the plant reopened in 1994. The City continues to look towards the future with the Silver Bay Business Park and through its efforts to save the Mary MacDonald School building and convert it to useable commercial and business space.



The future use of the former Mary MacDonald School will be a continuing issue for Silver Bay.

### Assessments and Recommendations

Existing Businesses: Northshore Mining, the Minnesota Veteran's Home, and other existing businesses are important to the future of Silver Bay. The Minnesota Veteran's Home employs about 140.

Today, Northshore Mining employs approximately 325 people. This is substantially lower than the 1100 people employed at the plant in the 1970's and slightly lower than the 400 people employed at the plant when it reopened in 1989. The taconite industry has experienced an increase in demand the past several years which has helped stabilize the regional economy.

The Silver Bay Economic Development Authority leads the City's efforts in local business assistance. Several regional economic development organizations are also able to offer assistance to Silver Bay businesses. The City is an active participant in Northland Connection. More information on the City's involvement in this regional economic development marketing effort can be found at: [www.northlandconnect.com](http://www.northlandconnect.com)

The City, through the Silver Bay EDA and its regional partners including Northland Connection, will continue to assist existing businesses including infrastructure, workforce training, and financing.

- In August 2004 the pilot plant for Mesabi Nugget opened in Silver Bay. The \$16 million small-scale pilot plant at Silver Bay, Minn., capable of producing 25,000 tons of high-quality, high-purity iron using a new, environmentally friendly process. In 2006, Cleveland Cliff's announced plans to purchase the technology and start the process to open a plant in Silver Bay. Opportunities for future expansion of the pilot plant remain unknown. The City will need to monitor the situation.



Silver Bay Business Park: The Silver Bay Business Park is a major asset to the City of Silver Bay. The 110 acre business has approximately 75 acres available for development. It is one of the few sites on the North Shore that zoned for business and industrial development, has access to Trunk Highway 61, and is served by City water and sewer.

Silver Bay currently markets the Business Park through the City website and through regional partners such as Iron Range Resources and Northland Connection. The City has maintained a zoning plan and unplatted lots that would allow a variety of businesses and other developments to successfully locate in the Business Park.

**RECOMMENDATION 8:** The City of Silver Bay should continue to support its present policy of encouraging the highest and best use of land in the Business Park including retail, service, and commercial, light industrial and public recreation facilities. This should be done by maintaining flexible lot designations, adjusting zoning boundaries as appropriate, and by locating eligible businesses in the 71 acres designated as a JOBZ subzone.

Mary MacDonald Center: The former Mary MacDonald Elementary School was purchased by the City from the Lake Superior School District. The 68,000 square foot building was zoned as a Planned Unit Development allowing for mixed use businesses. The City manages the building as small business center and incubator and leases space to nine tenants. Leases currently extend for another three to five years.

The City has recently formed a committee study the long term costs and benefits of operating the Mary MacDonald as a small business center. The City recognizes the importance of a small business center such as the Mary MacDonald. However, long term maintenance, utility, meeting building code and other management costs could make maintaining ownership cost ineffective for the City.

In the long term, the Mary MacDonald site represents another opportunity for infill redevelopment or adaptive reuse. The Planning Commission is taking a leadership role in determining the best future use and zoning of the site if City ceases to operate it as a small business center.

Silver Bay Area Tourism Bureau: The City of Silver Bay has been discussing the creation of a Silver Bay Area Tourism Bureau. The Tourism Bureau would be responsible for promoting Silver Bay area tourism, recreation, and lodging opportunities to visitors and ideally would include the operation of a visitor's center in Silver Bay. The tourism bureau would likely need to be supported by a lodging or tourism tax on area services. The Tourism Bureau would include businesses in the greater Silver Bay area. The imposition of an additional tax on area businesses and visitors is likely to be of concern. The City recently held a meeting with area businesses to discuss this issue. The City should continue its efforts in this area.



## SECTION SEVEN: RECOMMENDATIONS LIST

This section contains all the recommendations contained in this plan. Readers can use the provided space to track implementation steps.

RECOMMENDATION 1: The City should encourage rehabilitation of existing housing as part of its long term efforts to maintain a stable housing stock.

Progress:

RECOMMENDATION 2: If current housing trends on the North Shore continue the City will need to balance the development of upper-market and resort housing with the need to maintain and expand quality affordable housing options for its residents so that the city can develop in a balanced matter. The city currently has developable land in areas zoned R-2 and FR which are intended for residential development. The R-2 zone is ideal for this type of housing as it encourages density can be easily accessed by public infrastructure and utilities.

Progress:

RECOMMENDATION 3: If and when a golf course expansion becomes feasible, discussion of future housing adjacent to the golf course needs to be included early in the planning stage. It is likely that a professional housing market study will need to be completed. The study should be timed early in the golf course planning process. This should include an examination of preferred zoning, and types and numbers of housing and services.

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Progress:

RECOMMENDATION 4: The Parks and Recreation Plan is a valuable tool and the City should continue to implement the Silver Bay 2005-2009 Parks and Recreation Plan. The Parks and Recreation Commission should continue to review the plan annually and adjust accordingly for progress made and changes in financial capabilities. The Plan will need

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to be completely updated and extended another five years before the end of the 2009 calendar year.

Progress:

RECOMMENDATION 5: The 2005 Parks and Recreation Plan identifies development of a municipal campground as a priority. This represents an opportunity the City should begin to seriously explore. In order to move ahead with a campground the City will need to identify possible sites, potential funding sources including grants, and develop a plan to design and construct the campground.

- The Planning Commission will need to assess potential sites to determine if a rezoning of the property is needed. If rezoning is needed, the City should rezone to FR, RR, or RC.
- If and when the City chooses to pursue a new campground it should apply for grant funding to cover part of the costs involved in planning and construction. ASTAR grant through the Department of Natural Resources Coastal Program can be used to develop a campground plan and design documents. The grant program can provide a 1:1 match up to \$5,000 and can be applied for at any time during the year. Coastal Program construction grants may also be applied for through a separate application for up to \$20,000 with 3:1 match requirements.

Progress:

RECOMMENDATION 6: Adopt the 2004 North Shore Management Plan Standards. Silver Bay should adopt and implement the updated shoreland management standards which have been refined and modernized since the 1989 NSMP.

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Progress:

RECOMMENDATION 7: The City should update its Zoning Code to include Condominiums. The City should add Condominiums as a conditional use in the “RR” – Resort and Recreation District. Condominiums are currently only allowed in the “RR”

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District with a PUD. This update should include a definition based on the State building code. Condominiums have become a popular type of housing development on the North Shore and raise special issues because of the type of ownership, operations, and the large number of public resources such as water and sewer capacity that large scale developments can consume.

Progress:

**RECOMMENDATION 8:** The City of Silver Bay should continue to support its present policy of encouraging the highest and best use of land in the Business Park including retail, service, and commercial, light industrial and public recreation facilities. This should be done by maintaining flexible lot designations, adjusting zoning boundaries as appropriate, and by locating eligible businesses in the 71 acres designated as a JOBZ subzone.

Progress:



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## Appendix A: What is the Lake Superior Coastal Zone Grant Program?

Minnesota's Lake Superior Coastal Program (MLSCP) annually offers federal matching funds for the purpose of undertaking projects that address coastal issues. Grants are offered on a competitive basis to eligible applicants. These matching grant funds are available from the National Oceanic and Atmospheric Administration (NOAA), Office of Ocean and Coastal Resource Management (OCRM), pursuant to the Coastal Zone Management Act of 1972. In Minnesota, the program is implemented as pass-through grants to local units of government, other public entities and nonprofits. The Department of Natural Resources-Waters administers the program, with offices in Two Harbors, on the north shore of Lake Superior.

To assist in the implementation of MLSCP, a Governor's Council on Minnesota's Lake Superior Coastal Program was appointed by Governor Ventura in December 1999 and convened on January 21, 2000. The thirty-one eligible local units of government within the coastal boundary and the public at-large nominate council members. Fifteen members make up the council with three members coming from each of the four eligible counties (Carlton, St. Louis, Lake and Cook) and three at-large members. The Council establishes the grant program priorities, selects projects for funding, reviews the program's non-project budget and reviews the Coastal Program every two years. All projects must receive final approval from NOAA before proceeding.

The goal of Minnesota's Lake Superior Coastal Program is to preserve, protect, develop and where possible restore or enhance coastal resources along Minnesota's North Shore of Lake Superior.





# SILVER BAY COMPREHENSIVE PLAN

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Digital copies of this plan can be found on ARDC's website  
([www.arrowheadplanning.org](http://www.arrowheadplanning.org))

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