ECONOMIC DEVELOPMENT

The economic development structure of Two Harbors is in a state of transition as the Two Harbors Development Commission is being phased out in favor of the newly proposed Two Harbors Economic Development Authority (THEDA) and Two Harbors Development Fund, Inc. (THDF). The new economic development structures will be able to play a more proactive role in the city’s economic development.

The Planning Commission conducted an issue and outcome exercise in November 2009 when it first began considering whether a new Comprehensive Plan was needed. Economic Development emerged as one of the main areas of discussion. The following issues were highlighted:

- Revitalization of Waterfront Business District
- Define identity and boundaries of Waterfront Business District
- Develop commercial and industrial areas (increase tax base)
- Expand commercial and manufacturing base
- Embrace new technologies and industries
- Improved shopping opportunities - for economic development recruitment
- Dining -> Entertainment -> Retail method of economic development
- Do not limit economic development to tourism and location along North Shore
- Take advantage of location along North Shore - Trail Head to North Shore
- Housing is an important part of economic development
- Work with the Chamber of Commerce to improve the community

The Comprehensive Plan is primarily a land use document and is intended to allocate land among industry, commerce, and other important private and public uses. Changes to the economy (local to global) require that the City review existing allocations and adjust accordingly. Many of the economic development goals address land use and changes to the zoning map. However, a number of recommendations and identified issues expand upon general land use planning into policy and program areas that THEDA and THDF will need to be involved with. The Comprehensive Plan encourages THEDA and THDF to work with the Planning Commission on economic development efforts when appropriate.

Economic Development Goals

1. Work to improve local economic conditions to support the City’s goals for a growing population and expanding tax base.
2. The Planning Commission and THEDA should consult each other when planning and zoning and local economic development have shared interests.

3. Continue to work with regional economic development partners to improve economic conditions within the community.

4. Have adequate land properly zoned and with infrastructure to allow an active development market in the city.

5. Treat housing as an imperative component of economic development so that lack of suitable housing not inhibit economic development and that housing be available to meet the needs for employees of existing and new business.

6. Provide enough commercially zoned land in several appropriate areas to permit continuous commercial expansion.

7. The east entrance Burlington Bay area will be a combination of city campground, trailhead and recreation, open space and natural area, and a planned commercial hospitality district.

8. Revitalize the Waterfront Business District as an entertainment, hospitality, and retail destination relating to the development of a marina in Agate Bay (See Waterfront Planning section).

9. Support construction of a marina in Agate Bay, while improving waterfront access and providing open space by protecting natural aspects of publicly owned land, and encouraging investment in the downtown.

10. Redevelop JJ Castings and roundhouse for industrial use. Provide site access to Agate Bay.

11. Support Visitor Center and trailhead on the west end.

**Economic Development Action Steps**

1. Provide for more highway commercial development by rezoning the light industrial area east and south along CSAH 26 to highway commercial.

2. Rezone the single family residential district north of 17th Avenue to light industrial.
   a. This will replace the light industrial land along CSAH 26 that is changed to highway commercial.
3. Ensure compatibility of light industrial use and residential use south of 17th Avenue and on the west end by requiring strict development setbacks with preservation of existing tree and vegetation buffers.

4. Rezone the area zoned PR (Park and Recreation District) and I2 (Industrial District), that includes the vacant lots immediately west and south west of the Waterfront Business District and part of the City owned JJ Castings Site, to MUW (Mixed Use Waterfront District).
TRANSPORTATION

The City of Two Harbors is located in Lake County, Minnesota on the north shore of Lake Superior, approximately 20 miles northeast of Duluth, Minnesota and roughly 130 miles from the Canadian border. The Two Harbors area is served by Minnesota Trunk Highway 61, as well as several county roads and highways. Snowmobile, biking, hiking, and other trails provide connections between Two Harbors and the surrounding area. The City is developing a local non-motorized trail system to provide alternative transportation options throughout the community. Two Harbors is served by airport, port, and rail facilities.

Existing Conditions

Trunk Highway 61 (also identified locally as 7th Avenue) is a key regional corridor along which most of the city’s through-traffic travels. 7th Avenue experiences significant congestion during peak summer periods. The city, serving as a gateway to the North Shore, has experienced increasing traffic over the years as development continues further up the North Shore and in the city. Traffic count data provided by the Minnesota Department of Transportation shows the relative usage of the main State and County roadways in the Two Harbors area. Map 4 shows the traffic counts collected for the area in 2005.

Mn/DOT recently completed a reconstruction of the sidewalks along the entire 7th Avenue corridor. The project included improved crosswalks, pedestrian signals, and ADA compliant sidewalk ramps. The City will be responsible for routine maintenance of the sidewalks.

Lake County also plays an important role in local transportation. County roads and streets within Two Harbors include County State Aid Highways 2 and 26, 8th Street north of 7th Avenue, Waterfront Drive (6th Street south of 7th Avenue), and 1st Avenue. The County is also working closely with the City to develop a local trail system by acting as the fiscal agent for the City for federal transportation funds. Several proposed projects would increase the amount of County roads and streets in Two Harbors. The County and City also cooperate through maintenance agreements.

The City of Two Harbors Public Works Department is responsible for the construction and maintenance of the City’s streets, alleyways, sidewalks, and trails.

Transportation Goals

1. Attain a well-maintained, safe, efficient, and convenient transportation system that links neighborhoods with community resources and businesses, as well as with regional transportation systems.
a. Work collaboratively with Mn/DOT and Lake County to plan, construct, and maintain a safe, efficient system serving the needs of the residents and businesses of Two Harbors.

2. Continue to provide transportation opportunities in Two Harbors, so all residents have equal access to services.

3. Encourage pedestrian oriented transportation through the provision of well-maintained sidewalks and trails.

4. Encourage Lake County and Arrowhead Transit in providing transit services for all ages in Two Harbors.

5. Two Harbors will include Complete Streets elements in transportation projects where feasible. The City should encourage Lake County and Mn/DOT to include Complete Streets elements in their transportation projects as well.

**Transportation Action Steps**

1. Work collaboratively with Lake County and Mn/DOT to improve transportation planning in the city.
   a. Collaborate with Mn/DOT to reduce the effects of 7th Avenue as a barrier to motorized traffic in the city.
   b. Collaborate with Mn/DOT to reduce the effects of 7th Avenue as a barrier to non-motorized traffic in the city.
   c. Meet annually with Mn/DOT and Lake County to discuss transportation planning and projects within the city.

2. Work to ensure that projects enhance non-motorized transportation where possible.
   a. Continue to implement the Two Harbors Trails System Plan first adopted in 2005.
   b. The City should explore a policy formalizing the process used to work with developers when part of the proposed trail system crosses their property. This policy will cover easements, rights-of-way, and trail maintenance fees, all of which have been used in the past. The policy should be based upon past practices to ensure for consistency.
   c. The City should explore a policy encouraging trail or sidewalk connectivity with the City trail system where feasible or sidewalk system in new development areas.
Discussion of Proposed Transportation Projects

Several transportation and development projects have been proposed in Two Harbors that merit discussion in the Comprehensive Plan. The following discussion of these projects should not be interpreted as approval of the projects unless specifically stated.

**Highway 61 Connector to Recycling Center Industrial Area and Waterfront**

The construction of a roadway from Highway 61 (near Culver’s) into the Waterfront Business District of Two Harbors is an idea that the City, Lake County and other partners have discussed for many years. This project would involve a long term planning phase of its own. The project could be viewed in two phases.

1. Phase 1 would extend CSAH 26 south of 7th Avenue looping around to the controlled intersection at Highway 61 near Culver’s. This would improve access to the County Recycling center and other industrial businesses, establish a better public road, and open up some additional industrially zoned land for development. Securing easements or ownership of private property would be necessary. The City realizes this is a project that may not happen for many years, if at all.

2. Phase 2 is the extension into the Waterfront Business District. This phase would require an overpass of the CN rail lines. Funding needs and securing agreements from the railroad make this project dependent on a large source of state or federal funding. The City realizes this is a project that may not happen for many years, if at all.

The construction of a major collector route from Highway 61 to the waterfront of Two Harbors is an idea that the City, Lake County and other partners should research further, if certain issues could be addressed and resolved. In particular, major concerns about the road have focused on:

- Ensuring that traffic would not be routed through residential areas, particularly in routing traffic back to 7th Avenue and avoiding 1st Avenue residences. Options for routing traffic in and out of downtown should be explored.
- Identifying the impacts on and/or needs for privately owned lands, particularly land owned by the railroad. Adverse impacts to affected parts of the city should be identified and discussed.
- Discussing what the road will look like, where an overpass over the railroad tracks and where intersections might be located, etc. would be needed before continuing further.
Should it be agreed by the involved partners that the roadway is a desirable project; more detailed action steps will be outlined to help guide the involved participants toward the project's completion.

Possible benefits of the project include:

- Assist with offsetting traffic if there is an emergency on Highway 61.
- Access to potential Northern Lights Express rail maintenance facility.
- Provide better truck access to Recycle Center industrial area.
- Provide direct, better truck access to the JJ Castings and surrounding industrial area.
- Provides access to tanker trucks and other heavy vehicles serving the Canadian National rail yard. Trucks will not need to travel through the center of town.
- Trail extension for snowmobile traffic to the Waterfront Business District.
- Allows the residential growth areas of Segog to have a direct access to the Waterfront Business District and general waterfront area without having to get onto Highway 61.
- Exposes the waterfront as a destination

- Provides better access to the marina when it is constructed.

**4th Street Connection**

The completion of the gap in 4th Street between 5th Avenue and 4th Avenue where the old high school once stood has been approved by the City and County. The County has agreed to construct the street, which could take place in 2014. The project would also improve 4th Street between 5th Avenue and 6th Avenue where a future MUW district is planned. The project has the benefits of completing 4th street which would run, uninterrupted from South Avenue to 7th Avenue where there is a stoplight; clearly delineating the boundary between the R-2 and R-3 residential districts easing the way for future redevelopment of the property; and improving access to the planned MUW district.

Neighborhood residents have expressed concern that the project will lead to increases in traffic which will change the character of the neighborhood. Impacts should be mitigated by using signs along 7th Avenue and Waterfront Drive to direct business,
tourism, and future marina and boat launch traffic along Waterfront Drive. The Planning Commission also believes that the minor collector street design should be maintained south of 4th Avenue and not reconstructed to accommodate larger amounts of traffic. 4th Street should not be designated as a route for marina and boat launch access.

8th Street Reconstruction

The reconstruction of 8th Street south of 7th Avenue to First Avenue has been proposed by the County. The County would be responsible for the engineering and construction of the street. The City would be responsible for curb, gutter, and public utility improvements.

A segment of the City’s trail system is planned for the area. If a paved trail is designed the City and County would likely share costs. The County estimates that the project could begin as soon as 2012 with it being completed in phases through 2015. The final block of the street connecting to First Avenue would be entirely new construction as no road currently exists there.

The project would create an additional through street from First Avenue to the north end of town at CSAH 26. This is beneficial for public works and public safety. Another aspect of the project is working with Mn/DOT to move the stoplights from 7th Street to 8th Street. This should improve traffic flow on 7th Avenue.

This project has been discussed but final plans have not been presented or approved.

The Planning Commission identified several concerns over the proximity of increased traffic to the Minnehaha Elementary School playground and resistance of residents due to the fuller use of right of way in the area to accommodate a wider street and trail. These issues should be addressed as part of the project planning process. Alternatives to mitigate the possible negative effects on the neighborhood should be explored.

17th Avenue Plat

The County constructed 17th Avenue as a connector between 15th Street and CSAH 26. The County has also proposed constructing a roadway which would serve as a private access to a county resident whose property is just north of city limits. After deliberation between the City and County a revised plat is being drafted. In response to concerns over safety, the County is moving the access road entrance to the takeoff on 17th Avenue instead of directly accessing CSAH 26; plans to remove the center island on 17th Avenue when the road is scheduled for repair in 2015/2020 to facilitate truck traffic; and would build the road base to 10 ton standards. The road would remain graveled for the near future but would be able to be paved with curb and gutter when development occurs in the area.
Fairgrounds Road Extension

An extension of the Fairgrounds Road connecting the north boundary of the city to Highway 61 has been discussed for many years and has not moved past the concept stage. An extension of the existing roadway is not currently needed. The possibility exists that the area could be developed in the future and an access road or residential street system would be needed. Affects on existing recreational uses, potential housing, and traffic through town on 7th Avenue should be considered if the project is proposed in the future.

DNR Safe Harbor and Marina Construction

Waterfront Drive should be the main access route to the DNR safe harbor and marina on Agate Bay. Directional signage should be installed along 7th Avenue and Waterfront Drive directing traffic to the marina. Marina traffic, especially trailered traffic, should be discouraged from using side streets through residential neighborhoods.

Complete Streets

About one-third of Americans do not drive and one-in-five cannot drive due to age or disability. Transportation access together with increasing concern over raising obesity rates, climate change, dependence on foreign oil and rising personal transportation costs has led to an increased public focus on providing local transportation alternatives.

The Complete Streets model has emerged as a leading policy tool to provide transportation alternatives. Complete Streets are designed and operated to enable safe access for all users. Pedestrians, bicyclists, motorists and bus riders of all ages and abilities are able to safely move along and across a complete street.

Design elements that may be found on a complete street include: sidewalks, bike lanes, plenty of crosswalks, wide shoulders, medians, bus pullouts, special bus lanes, raised crosswalks, audible pedestrian signals, sidewalk bulb-outs, and more. A complete street in a rural area or small town will look quite different from a complete street in a highly urban area.

Complete Streets legislation has been adopted by several states and municipalities across the nation. Legislation has been introduced in both houses of the United States Congress. Both bills ensure that future transportation investments made by state Departments of Transportation create appropriate and safe transportation facilities for all those using the road - motorists, transit vehicles and riders, bicyclists, and pedestrians of all ages and abilities. Complete Streets policies ensure streets do not create barriers for children, disabled users, older persons, or those who do not drive. They make sure that roads are designed and updated to allow everyone to travel safely.
Transportation planning advocates are promoting state legislation that will require counties and municipalities to include Complete Streets policies in projects using state funding and federal flow through dollars.

Local Policy Survey

ARDC circulated a Complete Streets Primer and Survey in October 2008 to several local elected and appointed officials with influence on transportation policy. The Two Harbors Planning Commission discussed the survey during a meeting. In addition, the following people completed and returned the survey:

Mary Rosati - City Councilor, Chair of Two Harbors Public Works Committee, (Current City Council President)
Chris Swanson - City Councilor, Planning Commission (January, 2006-December, 2008)
Tom Gelineau - Two Harbors Public Works Director
Al Goodman - Lake County Highway Engineer

The survey sent to the Lake County Highway Engineer was modified slightly from the rest to reflect the difference in roles.

Themes and Issues

The survey answers indicate that the City and County currently incorporate many Complete Streets elements into the transportation management efforts even though these efforts have not been branded as Complete Streets efforts. Current and future priority projects that include Complete Street elements include:

6th Street (Waterfront Drive): County State Aid project included improved sidewalks and pedestrian amenities including curb ramps.

8th Street: A proposed project would make 8th Street a County State Aid Route. 8th Street would be widened south of 7th Avenue and bike lanes or trails included. A stop light on 7th Avenue has been proposed to be moved from the corner of 7th Street to 8th Street which would create a safer pedestrian crossing.

1st Avenue: Four blocks of 1st Avenue were rebuilt in 2010. Complete Street elements include new sidewalks and curb ramps, pedestrian scaled lighting, and new boulevard improvements including trees.

7th Avenue: Mn/DOT recently completed a reconstruction of the sidewalks along the entire 7th Avenue corridor. The project included improved crosswalks, pedestrian signals, and ADA compliant sidewalk ramps. The City will be responsible for routine maintenance of the sidewalks.
6th Avenue: 6th Avenue may be rebuilt with assistance from Lake County. 6th Avenue has long been envisioned as an alternate to 7th Avenue for local travelers. Bike lanes have been identified in the Two Harbors Trails Plans for this street in order to reduce costs, infringe less upon properties, and provide the pedestrian and non-motorized transportation options envisioned in the plan.

The City's sidewalk system is both an asset and a liability. Sidewalks connect nearly every property in the city's core neighborhoods and sidewalks or trails have been built in most new developments. The sidewalk system connects or will connect to the Two Harbors Trails System. However, many areas have broken sidewalks, curbs cuts have not been installed everywhere, and many cross walks need to be improved. In 2009, the City implemented a special program and hired private contractors to replace portions of the sidewalk system. The City has a good sidewalk policy in place to address many of these issues. Funding remains the biggest challenge to improving the system.
Two Harbors Comprehensive Plan
Potential Road Projects Map

- An extension of the Fairgrounds Road connecting Hwy 61 has been discussed and has not moved past the concept stage. An extension is not currently needed. An access road or residential street system would be needed if development occurs. Affects on existing recreational uses, potential housing, and traffic through town on 7th Avenue should be considered if the project is proposed.

- Lake County has proposed constructing a road that would primarily serve a county resident. The road would transect an area that will become an industrial district. The road will be built so that it can be improved to accommodate 10 ton traffic when development occurs. The final plat is being drafted by the County.

- 4th Street Connection: The completion of 4th Street through the old high school property was approved by the City and County in 2008. The County estimates this project could be completed in 2014. 4th Street from 4th Avenue to South Avenue should remain a minor collector, primarily used by neighborhood traffic.

- 8th Street Reconstruction: The County led reconstruction of 8th Street would include widening the street, non-motorized elements and improvements of city utilities. The road would need to be extended between 2nd Avenue and 1st Avenue. The City should work with Mn/DOT to move the stoplight at 7th Street to 8th Street to improve traffic flow on 7th Avenue. The County estimates this project could begin as early as 2011 - 2012.

- A proposed roadway connecting Highway 61 on the west end of town to the industrial area west of the rail road tracks and to the Waterfront Business District has been discussed for many years. There are funding and engineering obstacles but also many benefits. Connecting the industrial area could be completed as a standalone project with County assistance. The Waterfront Business District connection could be completed will require major funding assistance from the federal or state government.