



## Lake Vermilion Trail Plan

September 2011



Prepared by:  
Arrowhead Regional Development Commission  
Regional Planning Division

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Prepared for  
The Lake Vermilion Trail Steering Committee and  
the Lake Vermilion Resort Association

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Arrowhead Regional Development Commission



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## EXECUTIVE SUMMARY

The unique Lake Vermilion Area in northeast Minnesota serves as a special year-round destination for tourism. During the boating season, the lake offers innumerable opportunities for exploring and fishing. Lake Vermilion is the gateway to and almost completely surrounded by the Superior National Forest; and the Boundary Waters Canoe Area Wilderness (BWCAW) can be accessed directly from the lake. In winter, the local snowmobile clubs mark safe color coded snowmobile trails across the lake. The community resources of Cook, Tower, and the Bois Forte Reservation offer a wide range of opportunities for lodging, hospitality, and entertainment.

The Lake Vermilion Resort Association initiated the development of a Lake Vermilion Trail Plan in an effort to add to the future recreational and economic assets of the area and continue to connect people to the beauty of the region.

The Lake Vermilion Trail Plan outlines the general alignment for a proposed trail connection between the City of Cook and the City of Tower, providing an alternative on/off road transportation route that connects people to the scenic beauty of the south shore area of Lake Vermilion. The plan also considers opportunities for trailhead facilities, interpretive sites, recreational amenities, as well as local and regional promotion for tourism.

This plan is intended to be used as a tool for guiding the near term development of the first phases of the project and outlining a strategy for longer term phases of the project.





## INTRODUCTION

### Project Background

In January, 2011 the Arrowhead Regional Development Commission (ARDC) and the Lake Vermilion Resort Association (LVRA) commenced an eight-month planning process for the future development of the Lake Vermilion Trail - a trail facility connecting the lake and its residences and businesses to the communities of Cook and Tower. The process was facilitated by ARDC and relied on a local steering committee for feedback and guidance. The process helped the LVRA and other key partners determine the feasibility of constructing and administering a paved trail in the Lake Vermilion and Cook / Tower areas. ARDC worked with the steering committee to develop a vision, goals, strategies and action steps for the trail; to identify potential trail route segments; to estimate construction costs; to help identify management structure options, and garner public input.

Following is the resulting *Lake Vermilion Trail Plan*, which documents the planning process and contains recommended action steps and potential trail route maps for implementation.

### Steering Committee and Plan Development Process

ARDC and the Lake Vermilion Resort Association identified key local community and agency stakeholders that would bring important feedback to the process by participating as a Steering Committee Member. A range of stakeholders who had an understanding of the area were invited to participate, including those in local city/township government, natural resources, business, and tourism.

Steering Committee members participated in four facilitated meetings between February and June, 2011 and provided input into the proposed trail corridor and trail plan development. At each meeting Steering Committee members were given progress reports and updated maps or plan content to review.

Meetings were held as follows:

- February 9, 2011 (Steering Committee meeting #1)
- March 16, 2011 (Steering Committee meeting #2)
- April 13, 2011 Steering Committee meeting #3)
- June 22, 2011 (Steering Committee meeting #4)

In addition, the following public meetings were held to garner additional input from local residents and business owners in the area.

- August 27, 2011 (Public Open House)
- August 31, 2011 (Public Meeting –Trail Presentation)

Following is a list of the steering committee members who participated throughout all or parts of the process.

**Steering Committee Members (by first name)**

*Andy Sill, Greenwood Township*  
*Bob Manzoline, Mesabi Trail*  
*Bob Whalen, Mesabi Trail Citizens' Advisory Board*  
*Carol Booth, Cook (Committee Co-Chair)*  
*Caroline Owens, Ely (Committee Co-Chair)*  
*Chris Morris, St. Louis County Engineering Dept.*  
*Christa Miller, MN DNR Parks & Trails (Tower)*  
*Christina Hujanen, Tower*  
*Dave Lamwers, Forest Lane Resort*  
*Doris Soderberg, Cook*  
*Eric Hanson, Lake Vermilion Resort Association*  
*Howard Ankrum, Sportsmen Club of Lake Vermilion*  
*Karen Hollanitsch, City of Cook Chamber*  
*Karen McDermott, Cook*  
*Leo Wilenius, Lake Country Power*  
*Mark Ludlow, Lake Vermilion Resort Association*  
*Mark Rudningen, MN DNR Parks and Trails (Tower)*  
*Mary Somnis, Iron Range Resources and Rehabilitation Board*  
*Mike Larson, Mesabi Trail*  
*Nancy Larson, Soudan / Community Coaching, Inc*  
*Pat McDermott, Cook*  
*Steve Abrahamson, Mayor of Tower*  
*Steven Lotz, Vermilion Lake Township*  
*Tim Engrav, USFS LaCroix Ranger Station*  
*Tim Johnson, State Farm, Cook*  
*Tom Aro, Greenwood Township*  
*Troy Swanson, Executive Director – Lake Vermilion Chamber*  
*William Whiteman, Bois Forte*

## ARDC Planning Process

Recreational trails have many important benefits, both for communities and for individual users. They contribute to the quality of life, local economies, build pride, and put places “on the map.” Good trail planning depends on good public involvement, so that trails are well designed and support a community’s needs.

Following are the steps that ARDC used to guide the development of this trail plan:

### **Step 1: Establish a Steering Committee and Garner Input for Trail Development**

Convene a steering committee representing a wide spectrum of stakeholders to help manage and coordinate the trail planning process. Gather feedback on hopes or concerns and assets or issues for trail development.

### **Step 2: Vision Development and Potential Trail Alignment.**

Write a vision statement to guide overall trail purpose, goals, and objectives; intended allowable trail uses; and desired trail connections. Review and discuss maps of potential trail alignments.

### **Step 3: Draft Plan, Committee Review and Public Meeting**

Write draft plan to propose the goals, strategies, and action steps for trail plan implementation, as well as maps of the potential trail alignment and estimated construction cost estimates. Hold public meeting to inform the public and garner additional input from area stakeholders.

### **Step 4: Plan Revision and Final Review**

Revise document as needed after Step 3 and finalize the plan.

### **Step 5: Plan Promotion and Outreach**

Promote the plan to key partners and potential funders for participation in implementation of the plan for trail development.

### **Step 6: Implementation**

Assist entities involved with implementation to accomplish tasks as prioritized in the plan.



## About the Arrowhead Regional Development Commission (ARDC)

ARDC is a multi-disciplined planning and development organization whose jurisdiction encompasses the Northeast Minnesota counties of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis. The mission of ARDC is to serve the people of the Arrowhead Region by providing local units of government and citizen groups a means to work cooperatively in identifying needs, solving problems, and fostering local leadership.

ARDC has significant experience in conducting trail plans and helping communities secure trail construction funding. Examples of successes around the Region include the St. Louis River Trail near Carlton and Cloquet, the Gitchi-Gami State Trail on the North Shore, and the Two Harbors Trail System.

ARDC's Regional Planning Division ([www.arrowheadplanning.org](http://www.arrowheadplanning.org)) provided the facilitation and planning assistance for this project. Information regarding the trail planning process was made available on the ARDC website. The information outlined the scope of the project and provided documentation of meeting summaries. After review by the Steering Committee, the draft plan was posted on the website for public comment and review. A final copy of the Lake Vermilion Trail Plan is available for PDF download online: [www.arrowheadplanning.org/lakevermilliontrailplan](http://www.arrowheadplanning.org/lakevermilliontrailplan).



## VISION, GOALS, STRATEGIES AND ACTION STEPS (IMPLEMENTATION WORK PLAN)

### Vision Statement

The vision statement created by the Lake Vermilion Trail Steering Committee is an overall guide for developing near and long-term actions to develop and sustain the trail, thus enhancing the quality of life for the residents and visitors in the Lake Vermilion area.

#### VISION

**The Lake Vermilion Trail will be a premier, paved, scenic travel route providing residents and visitors with safe, non-motorized, year-round transportation and recreation in the beautiful natural landscape on and near the south shore of Lake Vermilion.**

### Goals, Strategies and Action Steps

Following is the implementation work plan for the Lake Vermilion Trail as identified by the Lake Vermilion Trail Steering Committee. There are four goals, each with supporting strategies and action steps. Goals 1 and 2 are related to logistics of pre-trail development and construction. Goals 3 and 4 are related to elements of trail promotion and economic development.

**Goal 1: Design and build a paved, non-motorized trail that links the various communities and neighborhoods bordering the south shore of Lake Vermilion.**

***Strategy 1.1 Identify and obtain funding for trail development, construction, and trail maintenance.***

Action 1.1.a Identify and work to obtain local, state, federal or private funding sources to support the study, construction, and on-going maintenance of the trail. (See *Appendix A: List of Potential Trail Funding Sources*)

Action 1.1.b Discuss the potential for maintenance agreements with the Cities, road or property authorities the trail runs through.

***Strategy 1.2 Conduct a trail routing study for the proposed trail route.***

Action 1.2.a Contract with an engineering firm to conduct a trail routing study of the proposed trail route and re-route trail alignment as needed based on the trail study results.

Action 1.2.b Determine costs for trail construction and maintenance and prioritize the order of different trail segments based on considerations such as cost, difficulty of construction and importance of segment completion.

Action 1.2.c Obtain easements from property owners for trail access.

***Strategy 1.3 Construct the trail in progressive segments.***

Action 1.3.a Contract with a firm to construct the trail according to prioritized segments and available funding.

**Goal 2: Establish a formal trail management structure and develop a long-term plan to maintain the trail.**

***Strategy 2.1 Decide what entity (or entities) will be responsible for administration of the trail and establish trail management structure.***

Action 2.1.a Identify potential partnerships to manage the trail and discuss possible options for trail ownership and management structure (e.g; Lake Vermilion Trail could become a MnDNR State Trail or perhaps be absorbed by the Mesabi Trail as a spur trail). (See Appendix B: Regional Trail Management Structure Examples and Appendix C: How to Start a Non-Profit in Minnesota).

Action 2.1.b Formalize new trail management structure as applicable (e.g., non-profit status of trail entity and establishment of Memorandums of Understanding with Minnesota DNR, MN DOT, etc. for trail construction and maintenance).

Action 2.1.c Research the potential of establishing trail user fees to help with trail maintenance costs.

**Goal 3: Promote opportunities for year-round trail-based recreation, tourism, and economic development.**

***Strategy 3.1 Work with area stakeholders in local government, businesses, and tourism to promote the trail for recreation, access to attractions, communities, and businesses.***

Action 3.1.a Develop promotion materials such as trail brochures and/or website and distribute to area stakeholders to share with the public.

Action 3.1.b Utilize local media to promote trail use opportunities (e.g. fall bike rides, winter x-c skiing, etc.).

Action 3.1.c Coordinate with the Lake Vermilion Resort Association, Mesabi Trail, Lake Vermilion State Park, Soudan Underground Mine State Park, Fortune Bay Resort Casino, and communities and local governments of the City of Tower, City of Cook, Beatty Township, Breitung Township, Kugler Township, Owens Township, Greenwood Township, Vermilion Lake Township, and others to promote trail connections to these attractions.

Action 3.1d Encourage development of new recreational activities that promote use of the trail (e.g., local walk-a-thon, bike ride events, etc.).

***Strategy 3.2 Provide opportunities for trail-related economic development and tourism.***

Action 3.2.a Identify and promote new and existing trail-related economic growth / entrepreneurial opportunities.

Action 3.2.b Encourage existing local businesses to promote their connection to the trail and to seek new opportunities to utilize it for business (e.g., resorts to provide bike rental to guests).

Action 3.2.c Discuss opportunities for new trail-related business / tourism with local communities and business owners (e.g., new bike shop).

***Strategy 3.3 Incorporate the trail into regional marketing and promotions as a travel destination.***

Action 3.3.a Develop promotion materials such as trail brochures and/or website and share with local chambers of commerce / tourism organizations for regional marketing.

**Goal 4: Promote visibility of the trail and provide a safe recreation and travel route for cyclists, pedestrians and other trail users.**

***Strategy 4.1 Develop and install trail signage along the route in key locations.***

Action 4.1.a Develop a logo for the Lake Vermilion Trail.

Action 4.1.b Develop plan for placement of trail logo signs in key locations along the route, paying attention to raising motorist awareness for safety of on-road trail sections and trail crossings.

Action 4.1.c Get approval from all road/property authorities for sign placement.

Action 4.1.d Identify and obtain funding for signage.

Action 4.1.e Install and maintain trail signs.

***Strategy 4.2 Make infrastructure improvements to on-road trail sections.***

Action 4.2.a Identify road sections that need treatments for safety improvements (such as widening road shoulders) and discuss improvements with the appropriate road authorities for inclusion in their work plans.

***Strategy 4.3 Raise public awareness of the trail as a positive, alternative transportation resource.***

Action 4.3.a Provide trail maps to raise public awareness of the resource, using kiosks at trailhead facilities and other interpretive sites along the trail.

Action 4.3.b Promote safety and health benefits of the trail for bicyclists, pedestrians, and other non-motorized forms of recreation.

Action 4.3.c Plan local promotional events including use of the trail.



## KEY TRAIL DESTINATIONS AND ACCESS POINTS

The general trail corridor that is being proposed will offer trail users connections to many destinations, points of interest, and services, including the following locations (moving west to east). Most of the locations are marked on the trail corridor map in this document.

**City of Cook:** It is envisioned that the City of Cook would be the western terminus of the Lake Vermilion Trail. Cook is located on Highway 53 near its intersections with Highway 1 West, County Road 24, and County Road 115. The City's population was 574 at the 2010 census. The City has a well-rounded business community, and is home to several service businesses including a grocery store, hospital, and a clinic, as well as restaurants, gift shops, fishing suppliers, and banks. The U.S. Forest Service LaCroix Ranger Station is located in Cook, as well as other local amenities such as the Comet Theatre and City Park. Kindergarten through Grade 12 schools are located in Cook. The City sidewalk system begins just north of the High School on County Road 24.



**Scenic Overlook (north of Cook):** There is a scenic overlook north of the City of Cook that was listed as a possible destination for the Lake Vermilion Trail. It is located on industrial forest property and is near the Taconite State (snowmobile) Trail. There is currently an informal but distinct hiking trail to the overlook. Lake Vermilion Trail Committee members felt the overlook may be a scenic asset for the new trail. It should be noted that grade limitation may prevent a paved trail from directly accessing the site.

**Wakemup Up Village Road Area:** The Trail Committee felt that this area would have some possible opportunities for trail access or a parking lot.

**Head of the Lake Public Access:** At the far west end of Lake Vermilion is a State-owned public lake access. There is a parking area and a ramp for unloading and loading boats.

**Ashawa Ski Trail:** The Ashawa Trail is located about 9 miles north of Cook. Approximately 40 km (24 miles) of trails are maintained for cross-country skiing by the Ashawa Trail Ski Club. There are four access points located along County Rd 24.



**Camp Vermilion:** Between the Wakemup Village Road Area and Wakemup Campground is Camp Vermilion. It is a private facility affiliated with a religious organization. It offers programs for children and adults. The Camp's programs could potentially benefit from a paved trail being located nearby.

**Wakemup Campground:** Wakemup Bay Campground and Day Use Area is a remote and rustic campground area on Lake Vermilion. A State managed facility located in Kabetogama State Forest, its 22 campsites are considered "primitive," designed to furnish only the basic needs of the camper. The campsites consist of a cleared area, fire ring, and table. In addition, vault toilets, garbage cans, and drinking water are available. A State public water access is located next to it with a parking area and boat ramp.



**Scenic Overlook (Oak Narrows Road):** There is an area of high ground with large pine trees and a view of Lake Vermilion on the Oak Narrows Road. The Lake Vermilion Trail Committee felt accessing this area would provide users with a scenic experience that visually connects them with the lake.



**Fraser Bay Public Access:** This public water access is located near the center of the proposed trail. There is parking at this location, but Lake Vermilion Trail Committee members felt additional parking may be needed to accommodate both trail users and boaters during busy summer weekends.

**Greenwood Walking and Biking Trail:** There is currently a 0.9 mile paved trail paralleling County Road 77 in Greenwood Township. The trail is in good condition and features attractive signage and benches. There is no designated parking for users, but the Moccasin Point public water access is a short distance away.

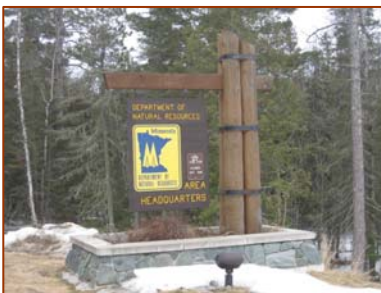


**Greenwood Town Hall:** This facility is the government center for Greenwood Township and a community center for Lake Vermilion's south shore residents. There are recreation facilities, parking, emergency services, and a community meeting room.



**Fortune Bay Resort Casino:** This facility has a luxury hotel, a large casino, an 18-hole world-class golf course, full-service marina, rustic RV park, conference and banquet center, and award-winning heritage center. It is owned and operated by the Bois Forte Band of Chippewa and is located in their Vermilion Lake Community area. The Vermilion Lake Community has several paved trail connections within it, including a segment connecting the Resort Casino to the community center on Pike Bay.

**Y-Store:** The Y-Store is located at a unique three way intersection of three major roadways. Highway 169, County Road 77, and Highway 1 all meet at this location. The Y-Store campus has a gas station, convenience store, restrooms, car wash, liquor store, and seasonal sales. It could be a destination for trail users.



**Minnesota Department of Natural Resources-Tower Office:** The MnDNR maintains an office and equipment facility just outside of Tower on Highway 169. The facility has parking a parking lot that is available for the public.

**City of Tower:** It is envisioned that the City of Tower would be the eastern terminus of the Lake Vermilion Trail. Tower is located on Highway 169 / 1 near its intersection with



Highway 135. Incorporated in 1889, Tower has a well rounded business community with everything from fishing tackle to dining. There is a museum, a farmers' market, and multiple churches. The City of Tower has been undertaking a major harbor renovation project the past several years. A fully realized marina project will result in a long list of new amenities to the community, including a new 2.3 acre harbor, public docking, new residences and commercial space, new green space and riverfront park and more.



**Hoodoo Point Campground:** Just northwest of Tower and connected to the City by a paved trail, Hoodoo Point Campground offers nearly 100 campsites. Many campsites have amenities such as electric and water hook ups. Additionally the Campground offers laundry facilities, boat launches, a dump station, bathrooms and showers, a convenience store, and a swimming beach.

**Hoodoo Point Trail:** This 1.1 mile paved trail connects the City of Tower to Hoodoo Point Campground.



**McKinley Park Campground:** Located on the east end of Lake Vermilion McKinley Park has a sandy swimming beach, biking and hiking trail, and playground. It has a group picnic area with a shelter, as well as a store, laundry, showers, boat launch, and fishing piers.

**Mesabi Trail:** Located in northern Minnesota between the cities of Ely and Grand Rapids, the Mesabi Trail<sup>SM</sup> is a 10 foot wide, non-motorized, paved bike trail. When completed, the trail will traverse 132 miles and connect more than 25 communities. In 2011, approximately 115 miles of trail will be complete and offer accessibility at numerous entry points, including the City of Tower.





**Soudan Underground Mine State Park:** This park offers visitors tours of an over 100 year old iron mine 2,341 feet underground. Above ground visitors can explore the dry house, drill shop, crusher house and engine house. Visitors also can walk the boardwalk past one of the deepest open mine pits or hike the trails in the park through a northern hardwood conifer forest.

**“New” Lake Vermilion State Park:** On June 8, 2010, the State of Minnesota completed a 3,000-acre land transaction with U.S. Steel, establishing Minnesota's newest state park. Together with Soudan Underground Mine, the new park includes almost 10 shoreline miles on Lake Vermilion, with access to 39,271 acres of water. With the park master plan signed by the Commissioner's Office, the park planning process is moving into the design and development phase. The master plan calls for new campgrounds, trails, boating facilities, docks, and swimming areas.



**Multiple Resorts, Hospitality, and Private Recreational Facilities:** Constructing the Lake Vermilion Trail will be a significant addition to the many services the area's private businesses offer. The Lake Vermilion Resort and Tourism Association serves as a collaborative forum for most of these businesses. The Association currently has 39 members, which make available over 240 cabins, 200 campsites, over 200 motel rooms/suites, and even several houseboats for visitors year round. Additionally the Lake Vermilion area has many restaurants, bait and tackle shops, marine facilities, and recreation facilities, such as the area's golf courses.



## TRAIL CONSTRUCTION & ESTIMATED CONSTRUCTION COSTS

### Overview

During the planning process, ARDC and the Steering Committee identified the following draft trail segments and spur sections, which seek to use off-road sections through the woods and with views of the lake wherever possible. The trail is intended to safely connect people to destinations and communities in the area and to experience the beauty of the Lake Vermilion area.

Following is an overview of each trail segment and estimated costs for construction. Segment description are for general corridors only.

### Trail Route Segments and Estimated Construction Costs

*\*Construction costs based on \$225,000.00 / mile estimate. This does not include engineering costs or right of way acquisition.*

#### ***Segment 1 Cook to Wakemup Village Road Area***

5.7 miles = Construction estimate \$1,282,500.00

This option would bring the trail north from Cook paralleling the South Beatty Road to the Beatty Road. It would then head east, paralleling the Beatty Road and cut north through the woods (there is a non-formalized existing hiking trail) to a scenic overlook area before cutting back to the east towards County Highway 24 at some point. From there it would follow the Highway or otherwise get to a nearby location in the *Wakemup Village Road Area*. (See Map: *Segment 1 - Cook to Wake Em Up Village Road Area* )

#### ***Spur 1A: Head of the Lakes Bay to Wakemup Village Road Area***

2.3 miles = Construction estimate \$562,500.00

This spur trail would be in the area of County Road 24 from the Head of the Lakes Bay public access area to join up with Segment 1 trail head in the Wakemup Village Road area.

#### ***Segment 2 Wakemup Village Road Area to Wakemup Campground***

4.0 miles = Construction \$900,000.00

The Trail would head east of Highway 24 in the Longfellow Road area. The trail could parallel the Longfellow Road to its terminus or to a point where the road starts to

swing more south. From there it could cut through the woods to the Camp Vermilion area. A large portion of land is owned by forest industries in this area. Using the Camp Vermilion Road or a nearby corridor, the trail would begin to encounter numerous smaller private landholdings between the Luthey Road and the Wakemup Campground. (See Map: *Segment 2 - Wake Em Up Village Area to Wakemup Campground*)

### ***Segment 3 Wakemup Campground to Frazier Bay Public Access***

8.0 miles = Construction \$1,800,000

There is a large amount of State and industrial forest property east of Wakemup Campground. The trail would cross many smaller, private land parcels from there if it stays near the lake. Away from the lake there is both industrial and tax-forfeited properties. There is a scenic overlook area on the Oak Narrows Road east of Ludlow's that could be part of the trail. The route from the overlook to Frazer Bay public access area would be complicated by many small private landholdings, but there is industrial forest land to the south. An alternative to connecting to the public access lot would be to build a parking lot at the gravel pit or other appropriate location. (See Map: *Segment 3—Wakemup Campground to Frazier Bay Public Access*)

#### ***Spur 3A Oak Narrows Spur***

2.0 miles = Construction \$450,000.00

Members of the public specifically asked that Oak Narrows and Timbuktu area businesses and residents have a safe connection to the Lake Vermilion Trail. The area currently has a narrow gravel road that has several hills and curves. Area residents and businesses have stated that the roadway has a significant amount of pedestrian and bicyclist use currently and that the road's condition creates safety concerns for those users. (See Map: *Segment 3A - Oak Narrows Spur*).

### ***Segment 4 Frazer Bay Access to Greenwood Town Hall***

3.7 miles = Construction \$932,500.00

There is a very odd ownership pattern in this area, but keeping the trail relatively close to the lake may be possible by following the Fraser Bay, Thomas, and Breezy Point Roads. The trail could then follow CR 77 to the Greenwood Town Hall. (See Map: *Segment 4 - Frazer Bay Access to Greenwood Town Hall*)

***Spur 4A: Greenwood Spur***

3.6 miles = Construction \$810,000.00

Lake Vermilion Trail Committee members specifically asked that Greenwood Township and Moccasin Point area businesses and residents have a safe connection to the Lake Vermilion Trail. The Greenwood Spur would connect the Lake Vermilion Trail to the existing Greenwood Walking and Biking Trail. Note that the section of roadway (CR 77) that this spur would parallel was recently resurfaced (July 2011) and does have a three to four foot paved shoulder. It is likely that Spur 4A will be very low priority for construction. (See Map: *Segment 4A - Greenwood Spur*)

***Segment 5 Greenwood Town Hall to Fortune Bay***

4 miles = Construction \$900,000.00

This section would be in the area of Highway 77 heading east and south from the Town Hall and then would head east towards the Fortune Bay Resort Casino facility and the Lake Vermilion community. (See Map: *Segment 5 - Greenwood Town Hall to Fortune Bay*)

***Segment 6 Fortune Bay to Y-Store***

3.9 miles = Construction \$877,500.00

This section would leave Fortune Bay and head west and south, paralleling Highway 77 to its intersection with Highway 169 at the Y-Store. This corridor would have significant challenges with bed rock and wetlands. (See Map: *Segment 6 -Fortune Bay to Y-Store*)

***Spur 6 A Hoodoo Trail/Ferry Route***

3.4 miles = Construction \$100,000.00

This alternative route would leave Fortune Bay and head east on already existing trails through the Lake Vermilion community to a dock on Pike Bay. From there, users would take a bike ferry (professionally operated pontoon boat) 1.1 miles (approximate) across Pike Bay to a dock near the Tower Airport, which would directly connect users to the already constructed Hoodoo Trail. The Hoodoo Trail would bring users to the City of Tower and the Mesabi Trail. See Appendix D for more information on bike ferries. (See Map: *Spur 6A -Hoodoo Trail/Ferry Route*)

*Segment 7 Y-Store to Tower*

4.0 miles = Construction \$900,000.00

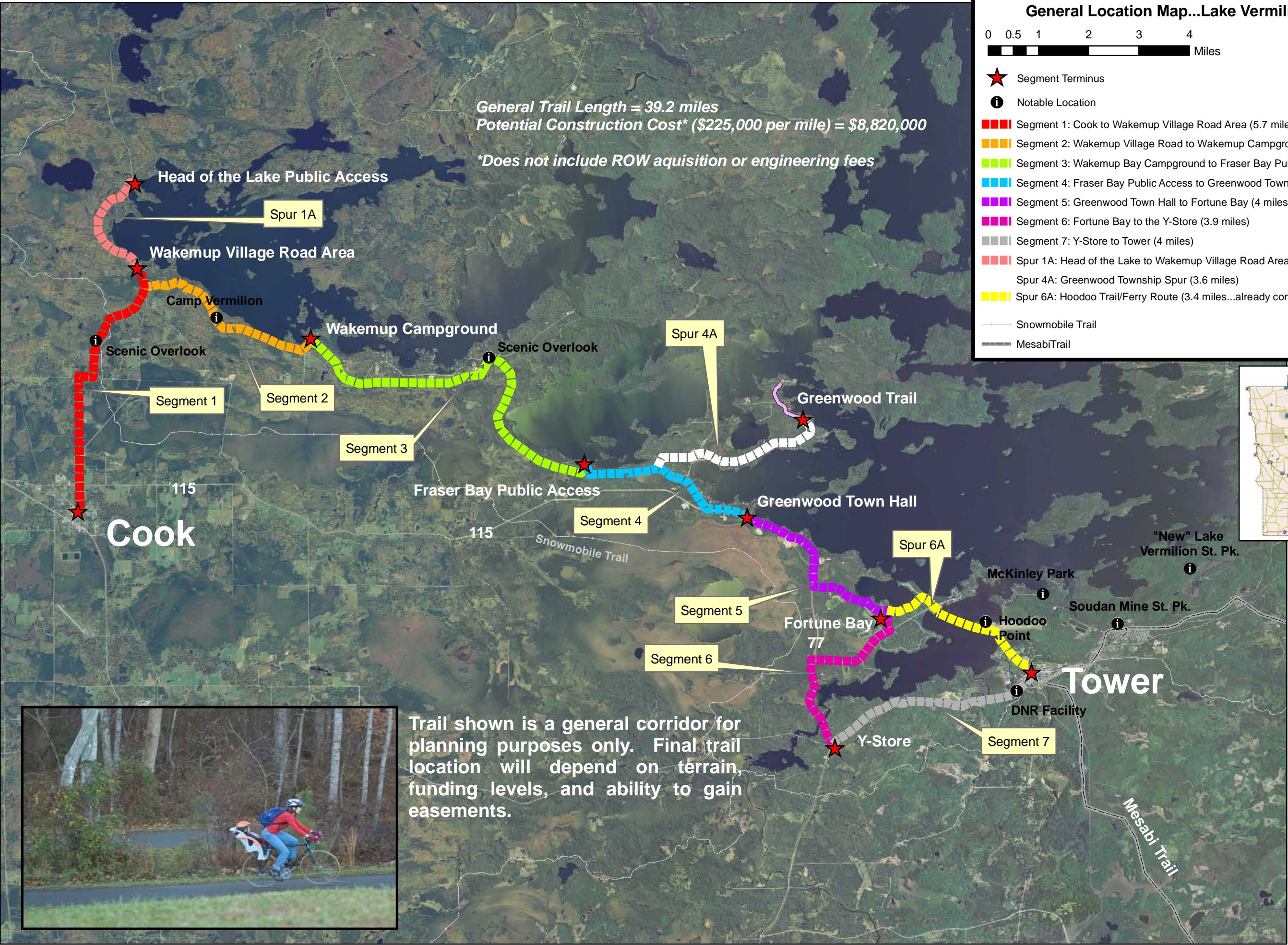
The trail could potentially follow the Pike Bay Drive that parallels Hwy 169 from the historical marker near the Y-Store. It would cross 169 and head into Tower, perhaps using a utility corridor or an existing old road and bridge. It could cross through the DNR building site and terminate at the park/Mesabi trail access site at the new marina in Tower. (*See Map: Segment 7 - Y-Store to Tower*)

## TABLE OF COSTS

Trail Segment	Construction Cost Estimate
<i>Segment 1</i> Cook to Wakemup Village Road Area	5.7 miles = \$1,282,500
<i>Spur 1A</i> Head of the Lakes Bay to Wakemup Village Road Area	2.3 miles = \$517,500
<i>Segment 2</i> Wake Em Up Village Road Area to Wakemup Camp-ground	4.0 miles = \$900,000
<i>Segment 3</i> Wakemup Campground to Frazier Bay Public Access	8.0 miles = \$1,800,000
<i>Spur 3A</i> Oak Narrows Spur	2.0 miles = \$450,000
<i>Segment 4</i> Frazer Bay Access to Greenwood Town Hall	3.7 miles = \$932,500
<i>Spur 4A</i> Greenwood Spur	3.6 miles = \$810,000
<i>Segment 5</i> Greenwood Town Hall to Fortune Bay	4.0 miles = \$900,000
<i>Segment 6</i> Fortune Bay to Y-Store	3.9 miles = \$877,500
<i>Spur 6A</i> Hoodoo Trail/Ferry Route	3.4 miles = \$100,000*
<i>Segment 7</i> Y-Store to Tower	4.0 miles = \$900,000
<b>Total Construction Cost:</b>	<b>41.2 miles = \$9,270,000.00</b>

\* Trails are already constructed...construction costs would be for purchasing a boat and installing necessary docking facilities on each end of the ferry route. This amount is not part of the total construction cost shown above.







## ANTICIPATED BENEFITS AND CONCERNS

The Lake Vermilion Trail Steering Committee understands that this trail plan is ambitious and represents a significant long term commitment by Lake Vermilion residents, businesses, and visitors. The Steering Committee discussed following the potential benefits of the Trail as well as anticipated concerns.

### Trail Benefits

Trails serve as a viable mode of transportation with linkages serving destination points, connecting people to their destination without the use of an automobile. Trail systems can provide an inexpensive opportunity to recreate, exercise, and experience the natural and cultural beauty of a community.

A trail contributes to the overall health of a community in a number of ways. In particular, the Lake Vermilion Trail Steering Committee believes a paved, non-motorized trail would be a major economic benefit to the area. The Trail would be a major addition to the existing recreational opportunities available to visitors of the area. This is particularly true considering the changing demographics of the area, the State, and the Nation. Our population is aging. "Baby Boomers" are entering retirement age and will be seeking new ways to spend their time. Many will be seeking new ways of being active and exercising. Paved trails are often more attractive for use by seniors as the pavement offers a safer, smoother surface than a rustic hiking or biking trail. Families with young children also often prefer the smooth paved surface.

Additional trail benefits include:

#### Improving community interactions by

- ⇒ Promoting healthy lifestyles
- ⇒ Increasing social interactions among neighbors
- ⇒ Strengthening neighborhoods by creating a sense of place
- ⇒ Promoting civic pride

#### Enhancing transportation systems by

- ⇒ Providing a safe, independent means of travel (e.g., biking, walking), particularly for children, young adults without a driver's license, and older adults
- ⇒ Reducing traffic congestion and parking demand

### Enhancing the local economy by

- ⇒ Creating an attractive climate for the location of new business and residential developments
- ⇒ Increasing sales of recreational equipment or recreational related activities
- ⇒ Increasing year-round demand for lodging and commercial services
- ⇒ Increasing property values
- ⇒ Providing a venue for organized sporting events
- ⇒ Creating a tourism attraction and amenity to visitors in the area
- ⇒ Increasing local jobs and supporting local businesses during trail construction

### Anticipated Concerns

The Lake Vermilion Trail Steering Committee has discussed concerns about the Trail that are likely to be brought forward by the public, including:

*The projected construction cost is almost \$9,000,000. How will the project be funded? How much will it cost local taxpayers?*

- ◇ There is a description of potential funding sources in Appendix A of this document. They include Federal, State, and Regional programs. Many of the sources require a local match, usually between 20 and 50 percent of the amount. Northeast Minnesota trail managers have had very good success in combining external sources to meet the match without having to use local funds. Local funds might be sought in relatively small amounts, however.

*Wouldn't the construction funding be better spent on roads?*

- ◇ The funding used for trail construction is almost always dedicated funding that could not be used on roads.

*Will having a trail near my property reduce its value?*

- ◇ In a survey of adjacent landowners along the Luce Line Rail-Trail in southern Minnesota the far majority (87 percent) believed the trail increased or had no effect on the value of their property. The same survey indicated that many new home buyers sought out properties adjacent to the trail. A survey in Denver showed that people were willing to pay 16 to 48 percent extra for homes in areas with greenways and trails.

*Won't the trail increase the possibility of crime and vandalism of nearby properties?*

- ◇ There is no indication that paved trails increase crimes. While no studies were found on the subject, the Lake Vermilion Trail Steering Committee feels that most trail users tend to be people that are interested in preserving communities and the environment.

*Will my property be taken through eminent domain to accommodate the trail?*

- ◇ Recreational facilities generally cannot be built through the use of eminent domain. The Lake Vermilion Trail Steering Committee is dedicated to the idea that the trail be built with the support of participating land owners.

*How will the trail be administered and maintained? Who will pay for upkeep?*

- ◇ The Lake Vermilion Trail Steering Committee has examined different management options that use differing methods of paying for maintenance. Some management scenarios have trail use fees. The Committee has not identified a preferred scenario at this time, however. The structure chosen will depend on interest of local government entities, construction schedules, or other factors.

*Will the trail actually get used?*

- ◇ The Steering Committee strongly feels the trail will be a major amenity to the area. As discussed in this document there are many visitors to Lake Vermilion and due to changing demographics, it is anticipated that paved trail use will increase. The Committee has emphasized that the trail be located in as scenic an area as possible (relatively close to the lake and away from road corridors) in order to maximize trail attractiveness to tourists. It should be noted that initially, the most likely benefactors of the trail are local residents. Trail use is a great way to exercise, visit with neighbors and connect with nature. The Steering Committee feels that because of the Trail's scenic location and route that connects many homes and businesses, that it will be a premier facility.

*How will the trail impact snowmobile trails? Will it cut them off?*

- ◇ The Steering Committee has a goal of limiting the trail's impact on current land uses. The trail will avoid snowmobile trails whenever possible, and if running alongside a snowmobile trail is determined to be the best route, users would be separated in a safe manner (such as fencing).

*How will the trail impact other recreational activities?*

- ◇ The Lake Vermilion Trail Steering Committee understands the area's residents and visitors often engage in dispersed recreation on the area's public and industrial forest lands. This is most commonly hunting. The Committee understands the need to preserve these traditional activities and will seek a route that minimizes the trail's impact to others during key hunting periods, such as fall deer hunting.

*Why did the Committee propose the trail to be non-motorized? I'd like to be able to use my ATV more in this area.*

- ◇ The Steering Committee considered motorized versus non-motorized uses for the trail. Non-motorized was chosen because the trail's pavement will last longer and maintenance costs will be less. Additionally, it was felt that users would feel safer on a non-motorized route. This decision does not mean the Trail Steering Committee does not want ATV facilities in the Lake Vermilion area. They simply feel that an ATV trail should be planned and developed separately from this facility.

*Does the public support this trail?*

- ◇ The Steering Committee held two public input sessions regarding this plan. The first was an open house on August 27, 2011 at the Greenwood Town Hall. The second was a presentation and discussion session on August 31, 2011.
- ◇ During both meetings, attendees expressed that they were supportive of the concept of a paved, non-motorized trail connecting Cook and Tower along the south shore of Lake Vermilion.
  - Several landowners attended and stated that, while they supported the idea of a trail, they did not want the trail on or near their property.
  - Other landowners attended and supported the trail near their property because they would be avid users and they feel the current transportation system near their home was not safe for bikers and walkers.
  - Other attendees included avid cyclists that supported the trail because of the safe opportunity it would provide for the enjoyment of their chosen activity.
  - Some attendees expressed concern for any impact that trail development and forest fragmentation may have on area wildlife, and asked that this be taken into consideration since it was not mentioned in the Trail plan.



## NEXT STEPS

- ◇ Following the public meetings in August, ARDC will convene the Steering Committee in September, 2011 to review feedback during the public meetings; approve the final Trail Plan document; and discuss next steps for planning.
- ◇ The Lake Vermilion Resort Association applied for and received a Regional Transportation Advisory Committee (RTAC) In-Kind Planning Grant in July 2011. That grant will allow the Association to continue to use ARDC to pursue implementation of this plan.

The purpose of the grant is to advance identified priority action items, including better defining a potential trail route, finding funding for trail engineering, finding funding for construction, and organizing a management entity. Better defining a trail route will likely include the initial direct contact with land owners on the potential corridor.

This next step in the process will take about six months and will start in October 2011.



## **APPENDICES**





APPENDIX A  
LIST OF POTENTIAL TRAIL FUNDING SOURCES



## **Appendix A: List of Potential Trail Funding Sources**

One of the major constraints for a trail project is funding. Below is an overview of several potential state and federal funding sources for trail projects in Minnesota.

### **Regional Trail Grant Program (Minnesota DNR)**

Website: <http://www.dnr.state.mn.us/grants/recreation/index.html>

Deadline: Contact the MN DNR for information on next grant cycle.

The purpose of this grant program is to provide grants to local units of government to promote development of regionally significant trails outside the seven-county metropolitan area. Eligible projects include acquisition and development of trail facilities outside the seven-county metropolitan area that are considered of regional or statewide significance. Acquisition projects require a perpetual easement for recreational purposes. Development projects require a 20 year maintenance commitment by the project sponsor. Grants are reimbursement based up to 50 percent of the total eligible project costs, and recipients must provide a non-state cash match of at least 50 percent. The minimum grant request is \$5,000 and the maximum grant award is \$250,000. Priority for trail project funding will be given to projects that develop trails of significant length. Significant considerations also include expected amount and type of use, and quality and attractiveness of natural and cultural resources.

For More Information:

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### **Parks and Trails Legacy Grant Program (Minnesota DNR)**

Website: [www.dnr.state.mn.us/grants/recreation/pt\\_legacy.html](http://www.dnr.state.mn.us/grants/recreation/pt_legacy.html)

Deadline: Contact the MN DNR for information on next grant cycle.

The Parks and Trails Legacy Grant Program provides funding for trails and parks with regional or state significance. Allowable costs include: facilities for pedestrian or bicycles, safety/educational activities for pedestrians and bicyclists, acquisition of scenic easement and scenic or historic sites, landscaping or other scenic beautification, historic preservation, rehabilitation/operation of historic transportation buildings, structures or facilities, preservation of abandoned railway corridors, control and removal of outdoor advertising, archaeological planning and research and establishment of transportation museums. Eligible applicants include counties, cities, townships, and

legislatively designated regional parks and trails taxing authorities. Priority for trail project funding will be given to projects that provide connectivity, enhanced opportunities for commuters, and enhanced safety. Significant considerations also include trail length, expected use, and resource quality and attractiveness. Grants are reimbursement based up to 75 percent of the total eligible project costs, and recipients must provide a non-state cash match of at least 25 percent. The minimum grant request is \$20,000, and the maximum grant award is \$500,000. Grant funding available: FY 2012 funds have not yet been appropriated. In FY 2011, approximately \$4,192,500 was available for parks and trails grants. Contact the MN DNR for information on next grant cycle.

For More Information:

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#### **Federal Recreational Trail Program**

Website: [www.dnr.state.mn.us/grants/recreation/trails\\_federal.html](http://www.dnr.state.mn.us/grants/recreation/trails_federal.html)

Deadline: Contact the MN DNR for information on next grant cycle.

The purpose of the program is to encourage the maintenance and development of motorized, non-motorized, and diversified trails by providing funding assistance. Eligible projects include motorized and non-motorized trail projects; maintenance/restoration of existing recreational trails; development/rehabilitation of recreational trail linkages, including trail side and trail head facilities; environmental awareness and safety education programs relating to the use of recreational trails; and redesign/relocation of trails to benefit/minimize the impact to the natural environment. All projects must be sponsored by a unit of government, preferably in cooperation with a local trail organization. A 50% cash or in-kind match for eligible elements of the project proposal is required. Costs must be incurred and paid for before reimbursement. Funding comes from revenue received by the Federal Highway Trust Fund.

For More Information:

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#### ***Northeast Minnesota Transportation Enhancements Program***

Website: <http://www.nemnntp.org/>

Deadline: Pre-application is due November 4, 2011.



The Northeast Minnesota Area Transportation Partnership will solicit for FY 2016 Enhancement projects in August 2011. Applicants are strongly encouraged to attend an Enhancements workshop on September 21, 2011 to learn more about the program.

There are two required steps to apply for FY 2016 Enhancement funding. First is the completion of a pre-application. The pre-application is due on November 4, 2011. Qualifying applicants who submit a pre-application will receive a final application by November 15, 2011. The final application is due December 16, 2011.

Transportation Enhancements (referred to as simply “Enhancements”) are a category of transportation projects that are eligible for federal funding under the Transportation Equity Act: A Legacy for Users (TEA-LU). Enhancements’ projects are defined as transportation-related activities that are designed to strengthen the cultural, aesthetic, and environmental aspects of the Nation’s intermodal transportation system. The program provides funding for the implementation of a variety of projects ranging from bike and pedestrian facilities, to restoration of historic transportation facilities, to landscaping and scenic beautification.

Only eligible applicants can apply for funding. Eligible applicants include counties, cities over 5,000 people, state agencies, Native American Tribes, and Regional Development Commissions. If an entity such as a township or non-profit organization would like to submit a proposal, then the entity must have an eligible applicant sponsor the proposal.

The maximum amount that each project can request in a given grant cycle is \$500,000. There is also a minimum amount of \$50,000. A 20% match of the requested funds is required. The local matching funds must be non-federal funds.

The next grant cycle will begin in August 2010 and applicants will be notified in April 2011. Funds for the next grant cycle are technically available on October 1, 2014; however, funding can be advanced if the project is ready and the required paperwork has been submitted to Mn/DOT.

Approximately \$1,500,000 is available for Enhancements in Northeast Minnesota (this includes the counties of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, Pine, and St. Louis) per year. Over the past years, the ATP has been able to fund about one-third of submitted proposals.

***For More Information:***

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**APPENDIX B**

**REGIONAL TRAIL MANAGEMENT STRUCTURE EXAMPLES**



## Appendix B: Regional Trail Management Structure Examples

In planning for a recreational trail, it is critical to decide what entity/entities will be responsible for the trail, including such matters as: How will usage and maintenance issues be addressed? How will public access and operation be ensured in the long term? Who will pay for ongoing maintenance and operational costs? Following are three examples of trail management structures in northeast Minnesota:

### Mesabi Trail...A Regional Trail

#### *About the Trail:*

- Located in northern Minnesota between the cities of Ely and Grand Rapids.
- When completed, the trail will traverse 132 miles and connect more than 25 communities.
- In 2011, approximately 115 miles of trail will be complete and offer convenient accessibility at numerous entry points. The longest paved section connects Grand Rapids to McKinley (approximately 75 miles) through the communities of Grand Rapids, Nashwauk, Keewatin, Hibbing, Chisholm, Mountain Iron and Virginia, to name several. Once completed, the Mesabi Trail will be one of the longest paved trails in the United States.



#### *Trail Development and Management:*

The Mesabi Trail is the result of the vision and dedication of regional residents, led by the St Louis & Lake County Regional Railroad Authority. As a division of the state of Minnesota, the Regional Railroad Authority undertook the proposition of converting abandoned railroads into trails, a process that began nearly 10 years ago. Following the mission of the Railroad Authority to preserve former railroads for future transportation use, a successful rails-to-trails program was implemented. The Railroad Authority has the ability to levy dollars via the property tax. They have successfully used those funds to match state and federal sources to construct the trail. The Trail also has a user fee for maintenance costs. In addition, the Mesabi Trail has developed maintenance agreements with the Cities it runs through for the segments within the community.



## **Gitchi Gami State Trail...A Minnesota DNR Trail**

### *About the Trail:*

- Located along the North Shore of Lake Superior, it provides visitors and residents with a safe alternative to riding on Highway 61.
- When completed, the Gitchi-Gami State Trail will be an 86 mile non-motorized, paved trail between Two Harbors and Grand Marais, Minnesota.

### *Trail Management:*

When the Minnesota Department of Transportation (MnDOT) agreed in 1996 to support the idea of a separate trail for the North Shore, the proponents of the trail officially organized as the North Shore Touring Trail Association (NSTTA) and the proposed trail was to be named the North Shore Trail. In 1999 the NSTTA voted to change the name of the trail to the Gitchi-Gami State Trail (GGST) and the name of the organization to Gitchi-Gami Trail Association (GTGA). Today the GGTA is a self-sufficient 501 (c) (3) non-profit organization with a Board of Directors and a network of subcommittees. The GGTA holds monthly Board of Directors meetings to deal with issues surrounding the development and construction of the GGST. Membership includes individuals, students, families, businesses and associations that pay a nominal yearly membership fee.

Working in conjunction with the Minnesota Department of Transportation (MnDOT), the Minnesota Department of Natural Resources (MnDNR), and the Arrowhead Regional Development Commission, the GGTA has sought funding for the trail and helped facilitate the design and maintenance of the trail. The GGTA works closely with the Minnesota Department of Natural Resources (MnDNR) and the MnDOT, as set forth in Memos of Agreement and Understanding, as well as the Arrowhead Regional Development Commission and the Area Transportation Partnership(ATP), in the design, location and construction of the GGST.



It should be noted, however, that the Gitchi-Gami State Trail is fully owned and operated by the State of Minnesota by using the Minnesota DNR. MnDOT has also contributed by building many of the trail sections during road reconstruction on Highway 61. The DNR has used its regular funding plus other state and federal grant to build sections not constructed by MnDOT. The trail is maintained using regular DNR funds and there are no user fees.



## **St. Louis River Trail...A County Trail**

### *About the Trail*

The initial 2.5 mile segment of a paved trail connection from Carlton to Cloquet in Minnesota's Arrowhead Region is now open for public use. Named the St. Louis River Trail, the completed segment connects the Willard Munger State Trail in Carlton to the Scanlon Park and Ride lot just south of Interstate 35. Much of the new trail segment is on former railroad bed and its minimal grades and curves make it a safe trail for the entire family. Planned future trail segments will complete the trail through Scanlon and to Cloquet.

### *Trail Development and Management:*

Development of the St. Louis River Trail began in 2004 when the Cloquet Area Chamber of Commerce contacted Planners from the Arrowhead Regional Development Commission (ARDC) and requested an examination of ways to connect Cloquet to the Willard Munger State Trail via paved trail. ARDC conducted the trail planning process with the guidance of a citizen steering committee and in 2005 the St. Louis River Trail Plan was published. ARDC worked with the Carlton County Transportation Department to secure Federal funding for the project and construction of the first trail segment began in 2009 and was completed this summer. Carlton County will maintain the trail. It should be noted that the County has only been marginally supportive as the administrator of this trail. A second trail segment was funded by a federal grant that needed a 20% local match, and the County decided it did not have the funding to match the grant. The future of this trail is less secure than other trails.

Counties are administrating trails successfully in Koochiching County and other places around the state. St. Louis County has not taken on this role in the past, though. Some cities also have built and maintained trails around the Region. These trails are usually relatively short.



## APPENDIX C

### HOW TO START A NON-PROFIT IN MINNESOTA



## **Appendix C: How to Start a Non-Profit in Minnesota**

*From the Minnesota Council of Nonprofits:*

[www.minnesotanonprofits.org/nonprofit-resources/start-a-nonprofit/steps](http://www.minnesotanonprofits.org/nonprofit-resources/start-a-nonprofit/steps)

Fifteen key steps should be followed in order to successfully start a nonprofit. The steps below are meant to be used as a basic guideline and may not apply to all situations. Steps to becoming a nonprofit are divided in the following stages: Visionary Stage, Planning Stage, Federal Filing, Minnesota Filing, and Annual Registration Filing.

### **Visionary Stage (Steps 1-4)**

#### **Step 1: Determine if it is Necessary to Start a Nonprofit.**

Is starting a new nonprofit organization really the best way to accomplish the goals you have set forth? Other alternatives, including collaborating with an existing nonprofit organization, establishing an unincorporated association, finding a fiscal sponsor or forming a for-profit business, may achieve your objectives quicker, more efficiently, and for the best benefit of your target audience.

#### **Step 2: Decide on the Purpose and Mission.**

The purpose of a charitable nonprofit must be for the public interest and common good. It should establish a single mission and a set of goals and programs that will accomplish that mission. During this step, a new nonprofit should analyze what it wants to do, who it wants to reach, and how it wants to impact society. A mission statement should be brief, timeless and descriptive of what the organization is trying to accomplish. This statement will guide the organization through its initial formation, program development, growth and change.

#### **Step 3: Recruit Board Members.**

The initial board of directors will assume much of the responsibility in starting a new nonprofit. They will determine the direction and goals of the organization and set forth precedents for future board members. The first board writes the articles of incorporation and approves the original bylaws, does much of the initial fundraising and hires staff as the organization takes shape and becomes an entity in and of itself. This initial all-volunteer period can prove to be very challenging for new organizations.

#### **Step 4: Check for Availability and Reserve a Name.**

Not only is it Minnesota law, but it is crucial to your new organization's identity to obtain a unique name under which to operate. Any potential name for a new business or nonprofit can be checked through the Minnesota Secretary of State's



Office. Organizations can also reserve a unique name through the Minnesota Secretary of State's Office. Once a name is reserved, no other organization may use that name.

### **Planning Stage (Steps 5-9)**

#### **5: Write the Articles of Incorporation.**

The founders of the organization should write its articles of incorporation. This document formally names the entity, its location and its purpose. This document is the legal record of how the organization is to be managed. The Minnesota Nonprofit Corporation Act, Section 317A of the Minnesota Statutes, lists laws that govern Minnesota nonprofit corporations. It is important to remember when drafting the original articles of incorporation that parts of the Minnesota Nonprofit Corporation Act state the default laws that nonprofits must follow, unless their articles or bylaws state otherwise.

It is necessary to write and file the articles of incorporation prior to applying for tax-exempt status from the Internal Revenue Service. The IRS requires specific language to be used describing the charitable purpose of the organization, and the requirements it must follow for exemption. Please note the sample articles of incorporation provided by the Secretary of State's Office do not include this information.

#### **Step 6: Incorporate as a Nonprofit Organization.**

The main purpose of incorporating an organization is that of risk management. Filing articles of incorporation with the Minnesota Secretary of State's Office provides a limited liability for the governing body of the organization. If directors act in a responsible and reasonable way, they can avoid personal liabilities to creditors of the organization. However, this does not include debts to the Internal Revenue Service for due payments or due to fraudulent activities.

Incorporating an organization also provides stability during personnel changes, eases future relationships with funders, contractors and employees, and provides the means to apply for tax-exempt status through the IRS. Once the articles are filed, the organization will receive a Certificate of Incorporation from the Minnesota Secretary of State's Office. This certificate includes a charter number unique to that organization. The charter number is used only internally by the Secretary of State. To incorporate, send your organization's Articles of Incorporation to the Minnesota Secretary of State, Business Services Division. The filing fee is \$70.

#### **Step 7: Create a Business Plan with a Budget.**

Creating a thoughtful business plan during the beginning stages of a new nonprofit can provide a sense of direction to the organization as it develops. A plan should include what the organization's goals are, what programs it will operate, where it will get funding, whether or not it will conduct events, have staff, volunteers, and more. It should also include a budget plan that includes where funding will come from, whether or not programs will rely on grants, individual donations, state or federal contracts, as well as expected expenses.

A business plan and budget are not only useful in thinking through the structure of the organization, but they are required as part of the narrative section of IRS Form 1023, Application for Tax-Exempt Status.

### **Step 8: Draft the Corporate Bylaws.**

The bylaws serve as the rule book for the nonprofit. Section 317A of the Minnesota Statutes is the basis for Minnesota's nonprofit law, and the organization's bylaws should follow this law. There is substantial flexibility to writing the organizational bylaws to fit the uniqueness of an organization. They are flexible and relatively easy to amend as the organization changes and grows. Bylaws are much easier to amend than the articles of incorporation and should be reviewed frequently. This document should be more detailed than the articles of incorporation and address the following organizational issues:

- **Membership:** Whether or not the organization will have members, who they are, how and when membership meetings will occur, what notice is required for meetings, requirements of a special meeting, quorum and voting.
- **Board of directors:** The number of directors, election process, meetings, length of term, number of terms allowed, vacancies, removals, quorum, officers and standing committees.
- **Fiscal management:** The fiscal year, committee and officer responsibilities, compensation of directors, reporting requirements and dues.
- **Amendments:** How will amendments be made and approved.

### **Step 9: Hold the First Meeting of the Board.**

The first official meeting should consist of the initial board members or incorporators. This gathering marks the official start to the organization. At the first meeting of the board, the initial board members must approve the drafted bylaws and adopt its principles. The new organization will also vote on new board members and officers as it is called for in its bylaws. Once these activities are accomplished, the board should begin forming the mission and start the process of obtaining tax-exempt status

### **Federal Filing (Steps 10-11)**

### **10: Apply for Federal ID Number (EIN).**

Nonprofit organizations should have an EIN, often referred to as a Federal ID Number, even if it has no employees. The EIN acts similarly to a social security number for individuals and may be requested when opening a bank account or during other fiscal operations. Organizations must be incorporated before applying for an EIN and must have an EIN before applying for tax-exempt status. For more information, visit the [IRS website](#).

### **Step 11: Obtain Income Tax Exemption from the IRS.**

Once the organization's articles of incorporation have been filed and the bylaws have been approved by the initial board of directors, the next step for a new nonprofit is applying for federal tax exemption from the Internal Revenue Service. A common myth is that all nonprofits are automatically tax-exempt. There are several steps and filing requirements an organization needs to complete before receiving exemption. And even then, not all organizations qualify for the same exemptions. The following steps apply for 501(c)(3) status from the IRS, the most common type of tax-exempt organization.

1. Read [IRS Publication 557, Tax-Exempt Status for Your Organization](#). This 55-page document includes no forms to file, but lays out the federal laws regulating tax-exempt organizations. It is available free and serves as a useful reference guide for filing requirements, employment issues, lobbying expenditures, and many other complex nonprofit issues regulated by IRS codes.
2. Fill out [IRS Form 1023, Application for Recognition of Exemption](#). Form 1023 applies for a ruling or determination letter on an organization's exempt status under Section 501(c)(3).
3. Fill out [IRS Form 8718, User Fee for Exempt Organizations Determination Letter Request](#). Form 8718 is used to process the fee for applying for tax-exempt status and must be included when filing Form 1023. Organizations applying for exemption under another 501(c) section should file [IRS Form 1024](#).
4. The filing fee is \$750 for organizations anticipating gross receipts averaging more than \$10,000 during its first four years and \$300 for organizations anticipating gross receipts averaging less than \$10,000 during its first four years.

### **Minnesota Filing (Steps 12-14)**

### **12: Apply for Sales Tax Exemption**

Some nonprofits qualify for exemption from sales tax on purchases through the Minnesota Department of Revenue. This exemption allows purchases on office supplies, furniture, vehicles, computer equipment and other taxed items to be

purchased without a 6.5 percent (7 percent in Minneapolis and St. Paul) sales tax. Most exemptions are given to purely educational or direct service organizations. To apply for sales tax exemption, organizations must complete and submit Form ST16, Application for Nonprofit Exempt Status – Sales Tax

### **Step 13: Receive Tax Identification Number**

If the organization will sell products or services subject to Minnesota sales tax, withhold Minnesota income taxes from employees, pay MinnesotaCare taxes or special taxes, or is a vendor of goods or services to a state government agency, the organization must receive a tax identification number from the Minnesota Department of Revenue.

To obtain a tax identification number, complete and submit Form ABR, Application for Business Registration. Organizations must submit this form if they register for at least one type of tax, including sales and withholding taxes, income tax, and excise and gross receipts taxes. The package also includes registration forms for each of these taxes and instructions.

### **Step 14: Register as a Charity**

The Charitable Solicitation Act, Chapter 309 of the Minnesota Statutes, states that nonprofits must register as a charity with the Attorney General's Office, Charities Division. An organization does not need to register only if it meets one of the following three conditions:

1. does not hire staff or a professional fundraiser and does not plan to receive more than \$25,000 in total contributions;
2. is a purely religious organization; or
3. is a private foundation that does not solicit contributions more than 100 persons during a fiscal year.

An organization must register with the Attorney General before soliciting contributions. File a Charitable Organization Registration Statement with a copy of the organization's articles of incorporation, IRS determination letter, and most recent financial statement. The filing fee is \$25.

Annual reporting ensures nonprofits are held accountable for their charitable fundraising and annual expenditures. Qualifying organizations must submit the following three types of documentation annually.

1. IRS Form 990, Return of Organizations Exempt from Income Tax. This is the most detailed and most misunderstood filing for nonprofits. It is a complete documentation of an organization's financial history and is often used to hold the organization accountable for its past actions and future decisions. Recent rulings by the IRS state that nonprofit organizations must make their Form 990 and applications for tax-exempt status widely

- accessible and available to anyone upon request. The Form 990 is available on the IRS website.
2. Charitable Organization Annual Report Form. The Charitable Solicitation Act states that an Annual Report Form must be filed with the Attorney General by the 15th day of the 7th month after the close of the organization's fiscal year. An organization must also include a copy of IRS Form 990 and an audited financial statement, if applicable.
  3. Nonprofit Corporation Annual Registration. After an organization has filed for incorporation, it must continue to file an online Annual Registration with the Minnesota Secretary of State. If any information has changed since the last annual filing, the organization will need to amend its articles of incorporation. Failure to register by December 31 each year will result in the dissolution of the organization, and a \$25 fee will apply to reinstate the organization's corporate existence. Nonprofits can file their Annual Business Renewal online.

### **Annual Registration Filing (Step 15)**

#### **Step 15: File Annual Registrations**

Annual reporting ensures nonprofits are held accountable for their charitable fundraising and annual expenditures. Qualifying organizations must submit the following three types of documentation annually.

1. IRS Form 990, Return of Organizations Exempt from Income Tax. This is the most detailed and most misunderstood filing for nonprofits. It is a complete documentation of an organization's financial history and is often used to hold the organization accountable for its past actions and future decisions. Recent rulings by the IRS state that nonprofit organizations must make their Form 990 and applications for tax-exempt status widely accessible and available to anyone upon request. The Form 990 is available on the IRS website.
2. Charitable Organization Annual Report Form. The Charitable Solicitation Act states that an Annual Report Form must be filed with the Attorney General by the 15th day of the 7th month after the close of the organization's fiscal year. An organization must also include a copy of IRS Form 990 and an audited financial statement, if applicable.
3. Nonprofit Corporation Annual Registration. After an organization has filed for incorporation, it must continue to file an online Annual Registration with the Minnesota Secretary of State. If any information has changed since the last annual filing, the organization will need to amend its articles of incorporation. Failure to register by December 31 each year will result in the dissolution of the organization, and a \$25 fee will apply

to reinstate the organization's corporate existence. Nonprofits can file their Annual Business Renewal online.

APPENDIX D

BIKE FERRY CONSIDERATIONS



## **Appendix D: Bike Ferry Considerations**

The Lake Vermilion Trail Plan shows that the trail could possibly take advantage of a bike ferry. Utilizing the ferry would reduce the trail construction length by 4.5 miles. Bike ferries are in use on different trails around the nation, including one on Lake Champlain in New Hampshire.

### ***Considerations:***

**Capital Costs:** As discussed in the document, the trails on either end of the ferry have already been constructed. Investments would have to be made in docking facilities on each end and perhaps in a communications system for the boat and waiting passengers. An initial review of potential boats that could be used show that the boat and motor for the ferry would cost between \$50,000 and \$100,000. The boat would be eligible for 80 percent Federal funding under current rules.

**Personnel Costs:** It is likely that the person operating the ferry boat will have to be licensed by the United States Coast Guard. This license can be fairly difficult to attain and likely means that the ferry's operators would be professionals and would need to be compensated accordingly. It is possible that at least two licensed operators would be needed to ensure uninterrupted service.

**Operational Options:** The ferry in New Hampshire only runs on summer weekends and it charges \$5.00 per person per ride. It runs "on-demand" and its run is relatively short. Since the Lake Vermilion bike ferry run would likely be between 0.5 and 1.1 miles long, the run would take longer to complete and the operator may not be able to see potential users waiting-making an "on-demand" system unfeasible. Instead, the ferry might have to operate on a schedule (e.g. every hour) or even by appointment (e.g. during weekdays or slower periods).

**Potential Operator:** The Bois Forte Band of Chippewa operates the Fortune Bay Resort Casino as part of their Lake Vermilion community. Fortune Bay operates a marina as part of its services. The marina and the personnel already employed there would potentially be in a good position to be the operator of the bike ferry. The west end of the ferry and connecting trails would be on Bois Forte property. The Lake Vermilion Trail management entity would work with the Tribe to find the best operational option and help keep the ferry cost effective.

# **Lake Vermilion Trail Plan September 2011**

**Prepared for  
The Lake Vermilion Resort Association**

**Prepared by  
Regional Planning Division  
Arrowhead Regional Development Commission**

## **ARDC's Mission**

**"To serve the people of the Arrowhead Region by providing local units of government and citizens groups a means to work cooperatively in identifying needs, solving problems, and fostering local leadership."**

**If you have questions regarding ARDC or the Lake Vermilion Trail Plan,  
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