

GENERAL INFORMATION

Applicant: City of Bloomington

Request: Consider Code amendments to allow breweries, taprooms, brewpubs, distilleries, cocktail rooms, and wineries as conditional uses in multiple commercial zoning districts and to modify related use standards

CHRONOLOGY

City Council: **01/07/19** Industrial Ordinance adopted with taproom standards

Referendum: **11/05/19** Charter Amendment

Planning Commission: **01/09/20** Study Meeting

City Council: **01/13/20** Study Meeting

City Council: **02/24/20** Public Hearing on related licensing amendments

Planning Commission: **03/05/20** Public Hearing

Future City Council: **04/06/20** Public Hearing (tentative)

DEADLINE FOR AGENCY ACTION

Application Date: 01/14/2020

Applicable Deadline: **Agency Action Deadline Waived**

Newspaper Notification: Confirmed – (02/20/2020 Sun Current – 10 day notice)

Direct Mail Notification: Not required, but staff used multiple outreach methods (see Outreach Section below).

STAFF CONTACT

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APPLICABLE REGULATIONS

Chapter 19 – Zoning
Chapter 21 – Zoning and Land Development

PURPOSE

The proposed zoning text amendment attached to this item is intended to allow breweries, taprooms, and related uses in some Commercial Zoning Districts subject to standards. An ordinance was recently approved by the City Council on February 24, 2020 to create licenses for these uses. While already allowed in industrial zoning districts, amendments to the Zoning Code are needed before breweries, taprooms, and related uses could occur in commercial zoning districts.

BACKGROUND

In January 2019, the City updated its industrial zoning code to allow breweries, taprooms, brewpubs, distilleries, cocktail rooms, wineries, and self-brewing facilities in some zoning districts. While breweries as manufacturers were previously allowed in the City, the City Charter did not permit taprooms or cocktail rooms even though State law permits these on-sale consumption uses. This past November, voters elected to change the City Charter to allow the possibility of these types of on-sale uses.

PREVIOUS STUDY MEETINGS

At the study meetings, staff requested direction on which, if any, commercial zoning districts should allow breweries, taprooms, and related uses. The attached ordinance reflects the Planning Commission's and the City Council's suggestion to allow these uses in districts that already allow restaurants and standalone retail.

Direction was also sought on clarification of existing standards and whether any changes were needed. The attached ordinance reflects Planning Commission and City Council direction on various items as described below.

Dogs in Designated Outdoor Area

The City Council and Planning Commission expressed interest in allowing dogs in outdoor seating areas. While the City of Bloomington may enact licensing requirements for sale of food and alcohol, the Minnesota Department of Agriculture (MDA) is the regulator for any brewery/distillery/winery that conducts sales of alcohol for offsite consumption. This includes breweries that sell through a distributor, taprooms that sell growlers, and distilleries that sell

bottles for offsite consumption. The vast majority of breweries/distilleries/wineries meet this definition and are regulated by the MDA. The authority to permit dogs in outdoor seating areas falls under the MDA, which developed its own criteria to allow dogs in outdoor seating areas and has a variance provision to allow dogs indoors. No City ordinance is needed to allow dogs at taprooms and related uses if they conduct sales of alcohol for offsite consumption.

EXISTING USE DEFINITIONS

Use definitions vary with the presence of manufacturing or retail, and by the type of product they produce and sell. Breweries, taprooms, and brewpubs are associated with malt liquor (beer), whereas distilleries and cocktail rooms are associated with distilled spirits (liquor). Wineries encompass all facilities that manufacture wine, vermouth, cider, sherry, or sake.

Breweries, distilleries, and wineries (including cideries) are a manufacturing use. Taprooms are a retail use, and are only associated with beer manufacturers. Cocktail rooms are also a retail use, but are only associated with distilled liquor. Both taprooms and cocktail rooms have to be on the premises or adjacent to the building that manufactures their product. Brewpubs are essentially a craft brewery with a restaurant component.

The amount that each manufacturing facility can produce each year is limited by license. City Code definitions are consistent with what the State statute permits, which are shown below. However, the proposed ordinance adjusts the craft winery definition to align with the production limit for craft breweries.

- Craft brewery – 3,500 or fewer barrels per year
- Regional/national brewery – over 3,500 barrels per year
- Micro distillery – 40,000 or fewer gallons per year
- Craft winery – 108,500 or fewer gallons per year

The amount produced by these manufacturers has implications for the size of building needed and the impacts on surrounding uses.

ANALYSIS

Breweries and microdistilleries are traditionally an industrial use, and their more retail oriented use as a taproom or cocktail room was permitted in industrial districts with the industrial zoning district update in January 2019. These industrial districts are shown in blue and gray in Figure 1.

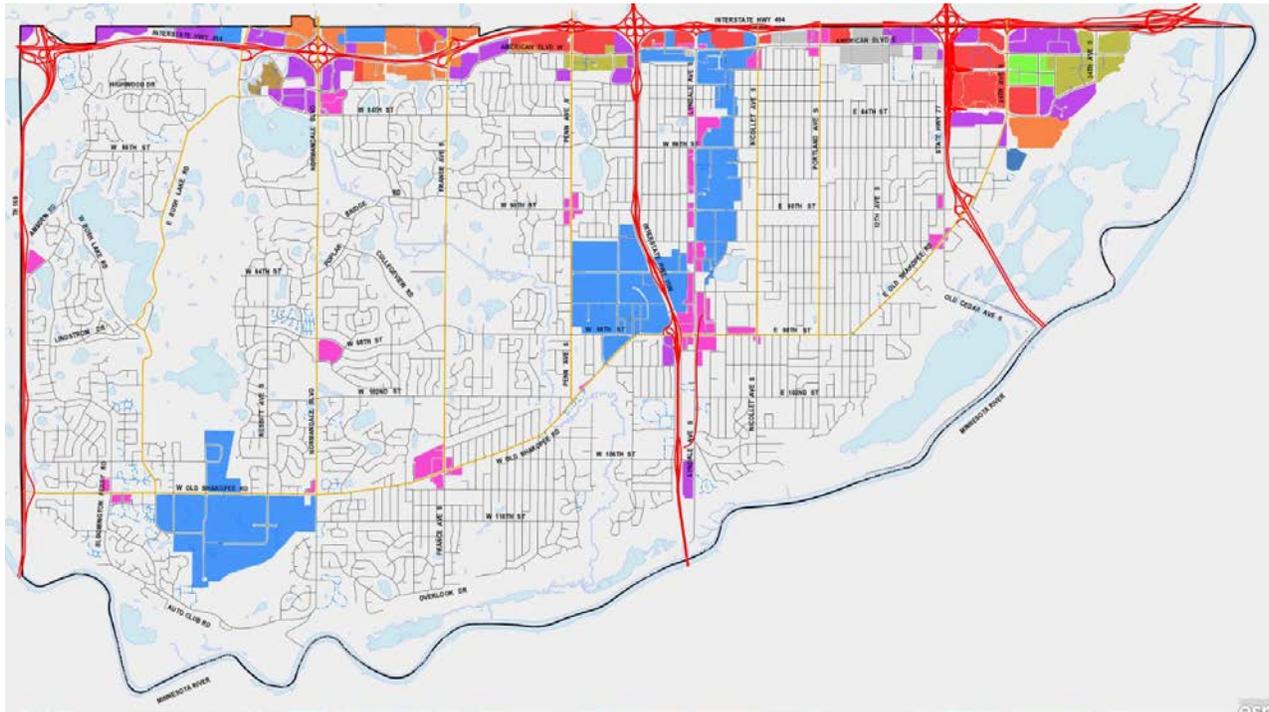
Taprooms and cocktail rooms can be very similar to restaurants in terms of operations and impacts. All these uses create a product that is sold onsite to customers, thereby generating similar demands for parking and potentially causing nuisances related to noise and odor. The

main difference compared to restaurants is that taprooms and cocktail rooms are by definition paired with breweries and distilleries, respectively, which are manufacturing uses. Allowing taprooms and cocktail rooms in commercial districts would mean also allowing a manufacturing use, and its associated externalities such as more frequent truck traffic and odor. To address potential impacts, the draft ordinance proposes that a conditional use permit be required, allowing the City to require additional conditions as needed to mitigate externalities.

Similar to restaurants, taprooms and cocktail rooms can have a positive impact on their surroundings. They can serve as gathering places in neighborhoods and pair well with other types of commercial and entertainment uses. The proposed ordinance would allow breweries, taprooms, brewpubs, microdistilleries, cocktail rooms, and wineries in the districts shown in Figure 1 on the following page and as described below:

- Districts Where Taprooms/Cocktail rooms are Currently a Conditional Use: IT, I-1, I-3, IP, FD-2
- Districts Where Proposed as a Conditional Use: CR-1, CS 0.5, CS-1, CO-1, B-2, B-4, C-1, C-2, C-X-2, LX
- Districts Where Proposed as a Limited Conditional Use: HX-R, C-3, C-4, C-5.
The limited designation restricts the size to 25% of floor area of a building and is consistent with the intent of these zoning districts, to encourage a mix of uses rather than a single dominant use.

Figure 1: Zoning Districts that would conditionally allow craft breweries, taprooms, brewpubs, microdistilleries, cocktail rooms, and wineries.



Currently Allowed

- IT
- I-2, I-3, IP
- FD-2

Proposed to be Allowed

- | | |
|--|--|
| B-2, B-4 | C-1, CR-1 |
| C-2, C-3, CX-2 | C-4, CO-1 |
| C-5 | CS-0.5, CS-1 |
| LX | HX-R |
| | RO-24 |

PROPOSED STANDARDS

The existing performance standards were drafted specifically for breweries, taprooms, brewpubs, microdistilleries, cocktail rooms, and wineries located in industrial districts. These address characteristics common in industrial districts, including a requirement for off-street space for loading and unloading of trucks, a standard to screen loading docks from adjacent residential uses and public streets, and prohibit exterior storage. The draft ordinance proposes that these standards also apply in commercial districts. A few changes are also proposed to improve clarity of existing standards as listed below:

Reference Odor Control Standard in Chapter 10

Odor control standards were adopted on February 24th to apply to all food establishments and food processing facilities. Breweries, distilleries, and wineries are required to have an odor control device if they are located within 250 feet of a residential building.

Clarify Retail Area Limit to only apply to Industrial Districts

The existing standard limits retail area in taprooms and cocktail rooms to 10% of the gross floor area, with the intention of limiting the size of gift shops in industrial districts. The draft ordinance removes the retail area size limit for taprooms and cocktail rooms in commercial districts, while retaining the standard in industrial districts.

Apply the same Outdoor Patio Standards that were recently adopted for Restaurants

The draft ordinance references the following outdoor patio standards recently adopted for restaurants:

- (1) *Setbacks*. The outdoor dining area must meet the lesser of either the required setbacks of the applicable zoning district or 20 feet.
- (2) *Setbacks from residential*. The outdoor dining area must be at least 50 feet away from abutting properties zoned and used residentially.
- (3) *Enclosure*. Outdoor dining areas containing 30 seats or more must be enclosed by a fence, structure or barrier as approved by the Issuing Authority. The enclosure must be at least 36 inches in height and have designated openings for ingress and egress.
- (4) *Screening*. Screening of the outdoor dining area may be required if the premises is adjacent to Designated Residential Property as determined by the Issuing Authority.
- (5) *Vehicle barriers*. If the outdoor dining area is in direct contact with or immediately adjacent to a vehicle parking or driving area, sufficient vehicle barriers must be provided.
- (6) *Noise*. Outdoor dining areas must comply with the noise source requirements of Section 10.29.02 of the City Code.

These outdoor patio requirements address issues related to noise and screening and are more comprehensive than required by other metro cities. The draft ordinance proposes including a reference to these standards rather than duplicating or creating new standards specific to breweries, taprooms, and related uses.

Parking

The proposed ordinance establishes parking standards for brewpubs that are similar to restaurants, and taprooms/cocktail rooms. Industrial parking standards would continue to be required for a brewing area, with additional standards based on the type of facility (see table below). Brewpubs are proposed to be incorporated into the restaurant parking standards because they are similar in nature. Taprooms and cocktail rooms are primarily focused on service of alcohol, and tend to have more open areas for people to stand, play games, or other activities. The taproom and cocktail room parking requirement is proposed to have the same 1 per 3 seat ratio as restaurants, but also requires one additional parking space per 100 square feet of open floor area to account for standing patrons.

Table 1: Proposed Parking Amendments (underlined)

Minimum Off-Street Parking Requirements		

Industrial	General manufacturing/ makerspace/ industrial/ <u>commercial brewing or distilling area</u>	1 space per 500 square feet of gross floor area, plus 1 additional off-street parking space for each 2,500 square feet of outside storage area as determined by the issuing authority
	Warehousing, storage	1 space per 1,000 square feet of gross floor area, plus 1 additional off-street parking space for each 2,500 square feet of outside storage area
	Open storage without a building on site	1 space for each 2,500 square feet of outside storage area

Restaurant, [and/or] Club, or Brewpub	Indoor or rooftop seating	1 space per 3 seats, plus spaces equal in number to 1/3 capacity in persons for meeting/banquet area;
	Seasonal/outdoor <u>seating</u>	1 space per 5 seasonal outdoor dining seats
	[Restaurant seating]	Exception: if seasonal outdoor dining seats exceed 20% of indoor/rooftop seating, the required parking for outdoor dining seats exceeding 20% is one space per 2.5 seats
	With drive through	6 additional queuing spaces per lane
<u>Taprooms and Cocktail Rooms</u>		<u>1 space per 3 seats, plus 1 space per 100 square feet of open floor area</u>

OUTREACH

Notice of the public hearing was published in the Sun Current, and was sent via e-mail to registered users of the “Zoning Ordinance Updates” and “Planning Commission” e-subscribe groups. Proposed amendments and supporting information is also posted on the City’s website.

Staff also sent memos by email summarizing the draft amendments in the attached ordinance as well as updates proposed for restaurants and food trucks. Memos were sent to representatives of the Chamber of Commerce, the Convention and Visitors Bureau, Hospitality Minnesota, and the Minnesota Restaurant Association. A similar memo was sent to 847 subscribers of the City’s Food Collaborative email list.

RECOMMENDATION

Staff recommends approval via the following motion:

In Case PL2020-10, I move to recommend approval of the Ordinance as attached to the staff report to amend Chapters 19 and 21 of the City Code to allow breweries, taprooms, and related uses in commercial districts and to modify related standards.