

GENERAL INFORMATION

Applicant: City of Bloomington
Request: Consider an ordinance to make multiple amendments to Chapters 10, 12, 14, 19, and 21 of the City Code addressing industrial districts and standards.

CHRONOLOGY

Planning Commission: 09/15/16 – Study Session discussion
City Council: 10/03/16 – Study Session discussion
Planning Commission: 05/17/18 – Study Session discussion
City Council: 06/11/18 – Study Session discussion
Planning Commission: 09/20/18 – Study Session discussion
Planning Commission: 10/04/18 – Study Session (Recap of 05/17/18 Study Session for new Commissioners)
City Council: 10/08/18 – Study Session discussion
Public Informational Meeting: 10/16/18 – Presentation and discussion with attendees
Planning Commission: 11/29/18 – Public Hearing Held - Recommended Approval
City Council: 01/07/19 – Public Hearing Scheduled

DEADLINE FOR AGENCY ACTION

Application Date: 10/03/2018
Applicable Deadline: **Agency Action Deadline Waived**
Newspaper Notification: Confirmed – (11/15/2018 Sun Current – 10 day notice)
Direct Mail Notification: Not Required – Staff notified all industrially zoned property owners via mail of updates and invited them to the informational meeting.

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APPLICABLE REGULATIONS

Chapter 10 – Environmental Control
Chapter 12 – Public Peace and Safety
Chapter 14 – Licenses and Permits
Chapter 19 - Zoning
Chapter 21 - Zoning and Land Development

UPDATE SINCE OCTOBER 8, 2018 MEETING

After the October 8, 2018 City Council study session, staff updated use standards for schools throughout the City Code. Staff revised the sports training facilities definition, and included them as conditional uses in the Industrial Park (IP) District. The standards for work/live units were updated and a work/live unit rental license is proposed in the event that the property owner, not affiliated with local business operations, rents space to the business operator that intends to work and live at the property.

PLANNING COMMISSION PUBLIC HEARING

On November 29, 2018, the Planning Commission recommended approval of this ordinance with the provision that existing motor vehicle sales uses continue to be conditionally permitted in the I-3 Zoning District. There are currently two motor vehicle sales sites zoned I-3, Luther Subaru/Acura and Bloomington Lincoln. Both sites were proposed to be rezoned to C-1, but the Planning Commission indefinitely continued consideration of those rezonings. The proposed ordinance change to allow existing motor vehicle sales uses to continue as conditional uses in the I-3 District means that they will remain legally conforming uses while the rezoning is further considered.

Some of the Commissioners were apprehensive about schools being allowed in industrial zones, but understood this to be the direction of the City Council so did not address the issue in their motion.

PUBLIC COMMENTS

Regarding schools in industrial districts, letters were received from Notre Ecole, a French immersion STEAM school, in support of permitting schools in industrial districts, and from the Bloomington School District in opposition to allowing schools in industrial districts. Attached to the staff report are two variations of the proposed ordinance. Draft Ordinance A includes schools as a conditional use in some industrial districts with use performance standards. Draft Ordinance B removes schools as a conditional use in industrial districts and removes the proposed changes to school performance standards.

At the Public Hearing before the Planning Commission, representatives from Luther Companies expressed opposition to the original draft of the ordinance, which prohibited motor vehicle sales in the I-3 Zoning District and limited open storage in industrial districts. The revised proposed ordinance conditionally allows existing motor vehicle sales uses in the I-3 District, as recommended by the Planning Commission.

GUIDING PRINCIPLES

The four guiding principles that have provided a decision-making framework have remained consistent and are reflected, in part, by the changes listed in the column below right.

<p>1. Preserve the Industrial Base in the City</p>	<p>In the zoning strategies map, areas are identified as ‘protected,’ which means that zoning to non-industrial districts should be avoided.</p>
<p>2. Limit Erosion of the City’s Commercial Nodes</p>	<p>Retail uses remain mostly removed from industrial districts, with standards that better define the extent that retail might be permitted.</p>
<p>3. Address new and evolving uses</p>	<ul style="list-style-type: none"> • Creates a new Innovation & Technology District; • Taprooms; • Work/live units; • Makerspaces; • Indoor agriculture; and • Light machinery and equipment repair
<p>4. Improve the ease of use of the code</p>	<ul style="list-style-type: none"> • Further consolidates zoning code into Chapter 21; • Removes Freeway Development (FD-1) District; • New industrial use matrix; and • Updates and creates new definitions

The staff report is best read while referencing the draft ordinance as it provides commentary on the proposed amendments specific to individual sections of the City Code.

BACKGROUND

As part of a multi-year project, the City is comprehensively updating the Zoning Code. Many of the existing industrial zoning districts were drafted in the 1950s, significantly updated in the 1970s, and do not fully support City goals and objectives.

Several study sessions with the Planning Commission and City Council were completed to review industrial zoning strategies, an industrial use matrix, and standards for self-storage, exterior storage, breweries & taprooms, and work/live units.

Industrial Obsolescence Study

Staff prepared seven data maps to examine factors that contribute to industrial obsolescence. The maps depict zoning, existing land use, building clear height, total assessed value per square foot, site size, floor area ratio, and effective age. These maps helped inform the industrial zoning strategies map.

Zoning Strategies

Staff prepared an industrial zoning strategies map that is included in the Forward 2040 Comprehensive Plan. The strategies categorize land zoned industrial in the following ways:

- *Protected industrial area* – properties within this area should remain industrial. Rezoning to non-industrial districts is discouraged.
- *Transitional area – market driven* – properties within this area would remain zoned and guided industrial; however, the City anticipates the possibility of market driven guide plan and zoning change requests and would evaluate them on a case by case basis considering the proposed land use and its relationship to the surrounding land uses.

OVERVIEW AND ANALYSIS

Individual chapters in the City Code are organized into separate articles and divisions to address specific topics. Amendments are proposed to various chapters, articles and divisions in City Code as described below. These are organized in numerical order following the order of amendments proposed in the attached draft ordinance.

Amendments to Chapters 10 and 12

- Section references to exterior storage and rooftop screening are updated to reflect the move of these sections from Chapter 19 to Chapter 21.

Amendments to Chapter 14 – Licenses and Permits

- **Section 14.03 Permit Required** – A new category of license fee is added for rental of work/live units.

Article IV. Business Licenses and Regulations

- **Section 14.252 Fees** – The reference to temporary recycling events is updated to reflect its new location in Chapter 21.

Article VI. Time-of-Sale Housing Evaluations and Manufactured Home Park Regulations

- **Sec. 14.545 Standards for Health, Safety and Nuisance Prevention** – The reference to exterior storage is updated to reflect its new location in Chapter 21.

Article VIII. Rental Housing Code

- **Section 14.568 Definitions** – The definition of *Family* is modified to include language recognizing domestic partners and civil unions recognized under state law. A new definition for *Work/live dwelling unit* is added.
- **Division B: Rental Housing Licensing** – A new work/live unit rental license category is added, subject to the same requirements as rental licenses for rented accessory, single-family, two-family, multi-family, and group housing dwelling units.

Amendments to Chapter 19 – Zoning

Article I. General Provisions

• **Section 19.03 Definitions**

- The following definitions are created:
- Agriculture, Indoor
 - Auto Body Shop
 - Brewery, Craft/Micro
 - Brewery, Regional/National
 - Brewpub
 - Cocktail Room
 - Distillery, Micro
 - Dwelling for Watchman
 - Machinery & Equipment Repair, Heavy
 - Machinery & Equipment Repair, Light
 - Makerspace
 - Principle Building
 - Recycling Collection Facility
 - Self-Brewing Facility
 - Service Station
 - Showroom
 - Storage, Exterior (Incidental)
 - Taproom
 - Winery, Craft
 - Work/Live Unit

- The following definitions are revised:
- Convenience Facility with Fuel Sales
 - Exterminating Shop
 - Family
 - Motor Vehicle Parking Lot
 - Social Service Distribution Facility
 - Sports Training Facility
 - Yard, Front

- The following definitions are removed:
- Motor Freight Terminal (Truck Terminal)
 - Motor Vehicle Storage Lot

Article III. Zoning District Map, Zoning Districts and District Uses.

- **Section 19.24 Zoning Districts and Zoning District Ordinances and Maps** – Added the new Innovation and Technology IT District, and removed the Freeway Development FD-1 District.
- **Section 19.31.01 Regional Commercial (CR-1) Districts** – As reflected throughout the ordinance, the word *shall* is being incrementally replaced with *may* or *must* in all of the City Code. The reference to refuse storage is updated to reflect its new location in Chapter 21.
- **Sections 19.33 Industrial (I-1, I-2, and I-3) Districts, 19.33.01 Industrial Park (IP) District, and 19.34 Freeway Development (FD-1 and FD-2) Districts** – These Sections are deleted from Chapter 19, and replaced in Chapter 21 into sections pertaining to the use matrix, district standards, development intensity and site characteristics, and structure placement.

Article IV. District Regulations

- **Section 19.41 Table of Minimum District Requirements** – Requirements pertaining to industrial districts are removed, and revised in Chapter 21 in sections related to development standards. Requirements for the Conservation (SC) District remain, so the section title is edited to reflect its purpose.
- **Section 19.42 Exceptions and Additions to Setback and Lot Width Requirements** – Many of these requirements are outdated and no longer applicable. Provisions retained from this section are reflected in Section 21.301.02 Structure Placement under the column *Setback from Property Used and Zoned Residential*.

Article V. Performance Standards

- **Sections 19.50 Exterior Storage, 19.51 Refuse, Solid Waste, and Recyclable Materials Handling and Storage Facilities, and 19.52.01 Screening of Roof-Mounted Equipment** – Removed from Chapter 19, and added to Chapter 21. Changes to these Sections are described later in this report.
- **Section 19.61 Service Station Performance Standards** – A new standard was created that only allows accessory food sales up to 25% of the total floor area. The intent is to better define the extent that accessory uses are permitted in service stations, while remaining true to the principle use. Routine edits are made to update a section reference and wording.
- **Section 19.61.01 Self-Storage Facility Performance Standards** – Section moved to Chapter 21 adding a floor area ratio requirement.
- **Section 19.63 Places of Assembly** – Routine edits are made to update a section reference and wording.
- **Section 19.63.04 Performance Standards for Solid Waste Transfer Stations, Solid Waste Weigh Stations, Household Waste and Permanent Recycling Collection Facilities and Temporary Recycling Events** - Section moved to Chapter 21.
- **Section 19.63.05 Towers** - Routine edits are made to update a section reference and wording.
- **Section 19.63.08 Exterior Materials and Finish** – Removed the Freeway Development FD-1 District, and added the Innovation and Technology (IT) District.

Article X. Sign Regulations

- **Section 19.113** - Removed the Freeway Development FD-1 District and added the Innovation and Technology (IT) District. Temporary signage requirements in the IT District will be subject to the same requirements as the Mixed Use CX-2 District, which is adjacent to land guided for IT. Routine edits are also made to update section references and wording.

Amendments to Chapter 21 – Zoning and Land Development

Article II. Districts and Uses

- **Section 21.206 Industrial Zoning Districts** - Added wording that introduces the purpose of industrial zoning districts.
- **Sections 21.206.01 Industrial Park (I-1) District, 21.206.02 Limited Industry (I-2) District, 21.206.03 General Industry (I-3) District, 21.206.04 Industrial Park (IP) District, and 21.206.05 Freeway Development (FD-2) District** – These sections introduce each industrial zoning district and establish standards pertaining to each. A general format with headers indicating *intent* of the district, *uses* allowed, and applicable *standards* is followed in each section for easy navigation. Statements of *Intent* were added for each district. Many of the standards were continued from Chapter 19, or reference revised standards in other sections.

- **Section 21.206.06 Innovation and Technology (IT) District** – This section follows the format of other industrial districts, but includes a detailed summary of *intent* that indicates preferred uses. Standards for skyways and other pedestrian connection structures are also provided. The IT district is primarily differentiated from the other industrial districts by its permitted uses and development standards that are further described in the following sections.
- **Section 21.209 Use Tables** – The new industrial use matrix includes newly defined uses, and removes obsolete or undesirable uses in industrial districts. Changes to each use are shown in the attachment *Changes to Permitted Uses*. In general, more uses are permitted in each district to include new uses and remove barriers to uses that fit the zoning district and have minimal impact on surroundings. However, uses with a majority retail component are removed.

Article III. Development Standards

- **Section 21.301.01 Development Intensity and Site Characteristics and Section 21.301.02 Structure Placement** – Changes to each district are shown in the attachment *Changes to Development Standards*. A maximum Floor to Area Ratio (FAR) was added for each industrial zoning district. Site area minimums were slightly modified to express measurements in square feet instead of acres. Site setbacks from the property line were reduced to allow more flexibility and better use of space.
- **Section 21.301.06 Parking** – Parking requirements for Makerspaces are added, and match the requirements for general manufacturing and industrial uses.
- **Section 21.301.08 Fences** – Routine edits updated section references.
- **Section 21.301.16 Exterior Storage** – Requirements for industrial districts are changed to clearly identify outdoor storage as an accessory use and limit creation of new outdoor storage as a primary use. Major changes include that the area of exterior storage cannot exceed the building area. Additionally, exterior storage must be directly related to the primary use of the site. Last, exterior storage as a principle use of a site will no longer be permitted. These changes were made in effort to enhance the use of industrial land, and limit the extent to which Bloomington merely serves as storage grounds for work performed in other areas of the metro region. (Peer cities do not permit exterior storage to the extent that Bloomington does currently). Requirements for non-industrial districts are unchanged.
- **Section 21.301.17 Refuse, Solid Waste, and Recyclable Materials Handling and Storage Facilities** – Requirements in this section were largely retained from Chapter 19. Minimum storage area requirements were edited to reference State Rules instead of City standards pertaining to amount of waste generated and required by use, thus removing *Table 19.51.1 Minimum Solid Waste Volumes by Use (based on once per week pick up and no compaction)*.
- **Section 21.301.18 Screening of Roof-Mounted Equipment** – Added language clarifying that roof-mounted equipment must be screened from visibility from adjacent public and private streets or sidewalks. Exceptions were also added that allow solar panels to be exempt from this section.
- **Sections 21.301.19 Accessory Buildings, 21.302.02 Residential Uses in Commercial Zoning Districts, and 21.302.04 Two-Family Dwellings** - Routine edits were made to update section references.
- **Section 21.302.05 Limited Agriculture, Bees, and Gardening** – Added indoor agriculture as a permitted form of commercial agriculture where permitted in the use matrix. A routine edit was also made to update a section reference.

- **Sections 21.302.06 Institutional Use Standards, 21.302.08 Townhouse Standards, 21.302.09 Multiple-Family Dwelling Design and Performance Standards, and 21.302.10 Manufactured Home Park** - Routine edits were made to update section references. In Section 21.302.06, the FD-1 district was removed and the IT District was added to the Maximum Floor Area Ratio Table. In Section 21.302.10 Manufactured Home Park, incorrect wording that references multi-family housing is replaced with *manufactured home parks*.
- **Section 21.302.16 Self-Storage Facilities** – Standards are largely retained from Chapter 19. However, a minimum FAR of 1.25 and a maximum FAR of 2.0 are added. This standard will require that all new self-storage facilities be multi-story. Similar to exterior storage, this use is not an efficient use of industrial land, with only a few employees. There are five self-storage facilities in operation in Bloomington today with three additional facilities under construction. The facilities under construction will add 2,300 storage units. Although there is a demand for this use, Bloomington’s current supply likely meets its residents’ needs. New self-storage facilities are likely to only meet a more regional need. Staff has concerns about the long term prospects for this use and the reusability of self storage buildings should the use ever become obsolete.
- **Sections 21.302.23 Residential Care Facilities and 21.302.24 Congregate Living Facilities** - Routine edits were made to update section references.
- **Section 21.302.25 Schools and Colleges** – In the Draft Ordinance A, schools and colleges will be conditionally permitted in industrial districts. With this new use in industrial districts, standards were added to address concerns regarding traffic management, the separation of school and business operations such as truck traffic in a multi-tenant site, and compatibility with surrounding uses. This Section is removed in the Draft Ordinance B.
- **Section 21.302.27 Day Care Facilities** – The standard allowing accessory daycares as part of business or professional offices or manufacturing uses is retained from Chapter 19, but moved from industrial district standards to use standards for day care facilities.
- **Section 21.302.29 Breweries, Brewpubs, Distilleries, Taprooms, Cocktail Rooms, Wineries** – While Breweries and Brewpubs are permitted under existing zoning standards, breweries are not permitted to sell their product on-site, and brewpubs must meet the Charter’s definition for a restaurant. New standards are added to allow more flexibility for uses relating to production or on-site sale of alcoholic products. The standards largely reference existing manufacturing or restaurant regulations. While these uses are added to the Zoning Code, additional changes to the City’s Charter and Licensing Code are necessary before they would be permitted.
- **Section 21.302.30 Work/Live Units** – Work/Live units are conditionally permitted in all industrial districts except IT. The intent is to allow a business operator and their family to live in a smaller dwelling space behind or above the work space. While other cities in the metro region permit some form of live/work use where the dwelling space encompasses a larger area than the work space, this will be the first work/live use in the region where a small living space is allowed with a larger industrial work space. The standards are designed to ensure that the work use is primary, that the living space is safe for its residents, and that the work/live use is compatible with surrounding uses.
- **Section 21.302.31 Solid waste Transfer Stations, Solid Waste Weigh Stations, Household Hazardous Waste and Permanent Recycling Collection Facilities, Temporary Recycling Events, and Junk Car Disposal Businesses** – This section remains largely unchanged except that standards for junk car disposal businesses were added to consolidate like uses. This addition means that junk car disposal businesses will need to be 500 feet away from residential zoning districts in addition to its existing standards. Paired with the existing standard that requires this use to abut a railroad, junk car disposal businesses will be limited to a small handful of properties in the I-3 district.

- **Section 21.302.32 Retail Showrooms** – An existing standard in the industrial zoning code permits retail sales that are a part of warehousing or wholesale businesses in the I-2 and I-3 districts. While the intent is that the retail component be a part of, or accessory to, the warehouse or wholesaler, the type and extent of the permitted retail component are not clearly defined. The proposed standards define this use as a retail showroom and limit its extent to ensure that the primary use is industrial. A retail showroom as part of a manufacturing business is added as a permitted use in effort to create flexibility for new and existing forms of manufacturing.
- **Section 21.302.33 Temporary Sales of Donated Items** – This standard was created to permit temporary sales of donated items in underutilized industrial space with adequate parking. Given that the event is temporary and of a charitable nature, the proposed standards remove barriers for this type of use.

Article V. Administration and Nonconformity

- **Section 21.501.04 Conditional Use Permits** – Work/Live Units were added to the list of uses that require Council approval for a conditional use permit.

OUTREACH

Outreach efforts for the industrial zoning updates include:

- **Focus group meeting** – In April of 2018, staff met with industrial brokers and received feedback on industrial trends, market demands, and regulatory hurdles in the existing Code.
- **Project Webpage** – The City’s website includes a webpage dedicated to Zoning Ordinance updates. The industrial updates are identified, along with the draft ordinance, supplemental information, and minutes from previous study sessions.
- **Direct Mail** - A mailing was sent to all industrial property owners in the City introducing the Zoning Ordinance updates, inviting them to an informational meeting on October 16th, letting them know where to find out more information and informing them of upcoming public hearings.
- **Informational Meeting** - Twenty-one property owners, brokers, and other interested parties attended the October 16th information meeting that provided an overview of the industrial zoning ordinance and allowed time for questions and discussion with the three staff members that were present. Apart from the informational meeting, over 20 property owners called or emailed to ask how the proposed ordinance would affect their property. After learning about the proposed changes, property owners and brokers were generally supportive.
- **Rezoning Mailed Notice** - Staff sent a notice to owners of properties intended to be rezoned in advance of any public hearing as well as notices to property owners within 500 feet of the rezonings.
- **E-Subscribe Notice** - Staff sent e-mail updates with links to the ordinance and other related information via the City’s E-Subscribe system.
- **Newspaper Notice** – Notice of the ordinance and the rezonings ran in the City’s official newspaper, the Bloomington Sun Current.

RECOMMENDATION

Staff and the Planning Commission recommend approval via the following motion:

In Case PL2018-301, I move to recommend approval of Ordinance Version [insert A or B] as attached to the staff report to amend Chapters 10, 12, 14, 19, and 21 of the City Code to update industrial districts and standards.

Version A allows K-12 schools in selected industrial zoning districts subject to standards, as requested by the City Council at its June 11, 2018 study meeting.

Version B maintains the status quo of not allowing K-12 schools in industrial zoning districts. The issue could be further discussed at future study meetings if desired.