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DATE: February 28, 2013

TO: Planning Commission

FROM: Neighborhood Planning Committee

RE: Review of proposed text amendment initiated by Resolution 13-256, amending the zoning code text regarding malt liquor production (Sec. 65.774)

ISSUE

Councilmember Amy Brendmoen and Councilmember Russ Stark introduced Resolution 13-256 on February 13, 2013, requesting the Planning Commission's study, report, and recommendation within 60 days regarding a proposed amendment of the zoning code **Sec. 65.774 Malt liquor production**. The amendment would strike the current regulation ("Condition (c)") that states, "Malt liquor shall not be sold to customers for consumption on the site where manufactured." The amendment would then allow malt liquor producers to operate a restaurant or bar on their production sites.

The proposed text amendment has been referred to the Planning Commission for review, report, and recommendation as required by Minnesota Statutes 462.357, Subd. 4. See Attachment 1 for a copy of the resolution.

BACKGROUND

The City Council referred the aforementioned text amendment to the Planning Commission as part of a larger resolution pertaining to commercial brewing. In addition to the proposed text amendment, the City Council has also asked the Planning Commission to provide a review, report, and recommendation regarding more comprehensive amendments to the zoning code sections pertaining to commercial brewing land uses: 65.610, 65.774, 65.820, 65.821, and 65.910. The text amendment on this Neighborhood Planning Committee agenda must be sent forward to the City Council by April 14, 2013. The more comprehensive amendments do not need to follow the same timeline – staff anticipates bringing forward a study of these amendments separately in the coming months.

Malt liquor production is one of several categories of commercial brewing operations addressed in the zoning code. Other categories include brew on premises store, micro and regional brewery, national brewery, and brew pub as accessory to a restaurant or bar. The City Council recognizes the increasing trend toward small, local commercial breweries and that zoning code regulations might be unnecessarily inhibiting participation in that trend. The proposed text

amendment is a short-term solution to a single issue that can be implemented while a broader comprehensive approach is developed and considered.

Malt liquor production is a use defined by a production limit of 5,000 barrels per year. Typically the "malt liquor" is beer. The use is allowed in the T2-T4, B2-B5, IR, and I1-I2 zoning districts. A conditional use permit is required in the T2-T4 and B2 districts if the use has more than 15,000 square feet of floor area.

A public hearing will be held before the City Council on this item. No public hearing before the Planning Commission is required.

ANALYSIS

The Comprehensive Plan calls for implementation of the Economic Development Strategy, a document that contains six broad initiatives intended to strategically benefit economic development in the city. One of the initiatives is a "streamlined development process," with clear and consistently applied regulations. The proposed text amendment furthers that initiative by removing an unnecessary regulation on malt liquor production.

Additionally, Strategy 1.50 of the Comprehensive Plan's Land Use Chapter calls for facilitating "the redevelopment of commercial areas where existing buildings are no longer considered functional to accommodate viable retail and businesses." Though the proposed text amendment is not location-specific, it could facilitate such redevelopment by allowing another type of business (malt liquor production with a tap room for on-site consumption) to be considered in these areas.

Meanwhile, the proposed text amendment does not contradict any Comprehensive Plan goals relating to protection of neighborhoods. The existing prohibition of on-site consumption is unique to malt liquor production; other uses are already allowed to serve alcohol in the same zoning districts that allow malt liquor production (T2-T4, B2-B5, IR, I1-I2). Staff research has not identified any unique features of malt liquor production that indicate a greater land use impact from on-site alcohol service compared to other alcohol-serving uses. Citywide parking and licensing procedures will still need to be followed.

RECOMMENDATION

The NPC recommends approval of the proposed amendment of Sec. 65.774, which would strike Condition (c) in its entirety, as was recommended by staff. (See the draft Planning Commission resolution for the entire Sec. 65.774 text.)

Attachments

1. City Council Resolution 13-256
2. Draft Planning Commission Resolution