

Department of Community Planning and Economic Development
Change of a Nonconforming Use
BZZ-6072

Date: June 10, 2013

Applicant: Encaustic LLC

Address of Property: 1401 Marshall Street Northeast

Project Name: Driven Donkey

Contact Person and Phone: Tyrone Folliard (612) 703-6862

CPED Staff and Phone: Aaron Hanauer (612) 673-2494

Date Application Deemed Complete: May 14, 2013

End of 60 Day Decision Period: July 13, 2013

Ward: 3 **Neighborhood Organization:** Sheridan Neighborhood Organization

Existing Zoning: R3/Multiple Family District and MR/Mississippi River Critical Area Overlay District

Proposed Zoning: Not applicable for this application.

Zoning Plate Number: 9

Legal Description: Not applicable for this application

Proposed Use: Office, food production, and tasting/community room.

Concurrent Review:

- Change of nonconforming use application from a warehouse facility to an office, food production, and tasting/community room.

Applicable Code Provisions: Chapter 531, Nonconforming Uses and Structures; Chapter 530 Site Plan Review.

Building history: The subject property, 1401 Marshall Street, is a 47,923 square foot parcel that contains a 31,054 square foot building that is primarily one story. Today, the building resembles what is looked like after a 1980 addition. That year, Formac Corporation merged five lots into one and built a 112'x170'x16' addition that wrapped around a two-story 1907 building that faces 14th Avenue Northeast.

Department of Community Planning and Economic Development
BZZ-6072

The subject building primarily has a concrete block exterior; the extant 1907 building is masonry. Window openings and types vary on the elevations. The 14th Avenue Northeast façade primarily has window openings that have had glass block installed. The window openings along Marshall Street are evenly distributed, but some openings have had wood panels installed in replace of or over windows to reduce visibility. The north and east elevations are void of window openings.

G&K Services, the previous owner, purchased the property in 1988. G&K Services provides uniform rental and facility products in the Twin Cities and throughout the country (the company headquarters is in Minnetonka). From 1988 until 2008, G&K Services used 1401 Marshall Street Northeast as a fleet maintenance facility. From 2008 until March 2013 G&K services used the subject property as a warehouse.

2012 proposal: In 2012, Tires for Less proposed a tire and rim retail and warehouse establishment at this location through a change of nonconforming use application (BZZ-5535). CPED recommended approval of the proposal; however, the City Planning Commission denied this request at the June 11, 2012 meeting based on the following findings:

- The proposed use is incompatible with surrounding uses.
- The proposed use would be intensifying the nonconforming use.
- Traffic generation would be increased and the safety would be decreased.
- Off-street parking and loading would be too intense for this area.
- The aesthetics of the proposed project are not a good fit for the community.

Area uses and history: The surrounding area of the subject property is a mix of uses. The site is bordered by low density residential to the east and a multifamily building to the northwest (1448 Marshall Street Northeast) and north (1427 Marshall Street Northeast). Office uses including Worrell Design and Studio 1414 are located on the west side of Marshall Street Northeast (1400 and 1414 Marshall Street Northeast). On the south side of 14th street Northeast is the Grain Belt Activity Center, which includes the Grain Belt Studios (77-79 13th Avenue Northeast) and Dusty's Bar (1319 Marshall Street Northeast).

The Grain Belt Studios is the former home of Grain Belt Brewing Company. Grain Belt Brewing Company, which started brewing at this location in 1891, went onto become one of the largest beer brewing companies in the Midwest, until brewing ceased operation at its Marshall Street location in 1976.

Zoning/future land use: The property's first zoning classification was light industrial in the 1924 Zoning Ordinance. In 1963, the property was rezoned to R3. In 1980, the zoning changed to M1-1 to allow the Formac Corporation to build an addition to an existing machine shop and merge five lots into one lot (P-473). In 1988, the year G&K Services purchased the property, the zoning changed from M1-1 light industrial to R3 as part of the Sheridan 40 Acre Zoning Study. At that time, the fleet maintenance facility became non-conforming. The site retains its R3/multiple family zoning district status.

Proposed use: The applicant, Encaustic LLC, recently purchased the property at 1401 Marshall Street Northeast. They are requesting a change of nonconforming use to allow the building to be converted

Department of Community Planning and Economic Development
BZZ-6072

from its current use as a warehouse facility/fleet maintenance facility to an office, food production, and tasting/community room.

The applicant states that their vision for the building is to “create a food production hub for up-and-coming businesses” and to provide a “space [that] will provide a collaborative environment for food entrepreneurs to grow their ventures.” The majority of the building (approximately 25,559 square feet of the 30,027 square foot building) will house production space for the artisanal food-related businesses. Red Table Meat Company LLC is the only confirmed tenant. Red Table plans to create salami, dry-cured ham, pancetta, and related items. Other entrepreneurs that have expressed an interest include a chocolatier, coffee roaster, pie maker, and an ice cream maker. Driven Donkey, the consulting firm for the food producers, is proposing to have their office within the building. Connected to the office space will be a showroom that will display the products being produced in the building. In addition, the applicant is proposing a 900 square foot tasting/community room.

As part of the proposed project, the applicant is proposing to substantially improve the building and site by making the following improvements

- Installing landscaping along the Marshall Street Northeast and 14th Avenue Northeast;
- Removing the loading dock and a loading dock wall along Marshall Street Northeast;
- Installing a landscaped patio along Marshall Street Northeast;
- Replacing window and door openings that do not allow visibility in or out of the building with new windows and doors with clear glazing;
- Painting the entire building in consistent and complementary colors;
- Improving the condition of the parking lot.

Public comments: As of the writing of this report, staff has received nine letters of support for the project/application including a letter from the Sheridan Neighborhood Organization. Any additional comments received after the publication of the staff report will be forwarded to the Planning Commission prior to their discussion of the application.

Findings As Required By The Minneapolis Zoning Code (change of nonconforming use from a warehouse to an office, retail, and boutique food production facility):

The Community Planning and Economic Development has analyzed the application and makes the following findings:

The Planning Commission may approve a proposed change in use if the use meets the following standards as specified in section 531.80 of the Zoning Code:

- (1) The proposed use is compatible with adjacent property and the neighborhood.**

The applicant is proposing that 1401 Marshall Street Northeast be an artisanal food production facility and office space with a tasting/community room. The proposed uses, in particular the artisanal food production facility, is different than the adjacent properties, however, it is not contradictory to the neighboring residential, office, and restaurant uses. A goal of the endeavor is to produce artisanal products for local consumption including restaurants and individuals in Northeast Minneapolis.

Department of Community Planning and Economic Development
BZZ-6072

There is not a small area plan that provides detailed guidance for the subject property. The Above the Falls Master Plan Update eastern extent is the western side of Marshall Street Northeast. Currently, the future land use map of the Minneapolis comprehensive plan proposes to maintain the subject property as urban neighborhood. However, the Sheridan Neighborhood Organization is in the midst of initiating a small area plan for their neighborhood. The small area plan will not be done in time for a decision on this application; however, the Sheridan neighborhood has written a letter of support, which suggests a direction of the neighborhood's thoughts for this area.

The applicant's proposal is also complimentary to the Above the Falls Master Plan vision for the neighboring properties to the west. The Above the Falls Master Plan for the North Grain Belt Center (Subdistrict 16) is to "encourage creative industries and arts oriented uses, to support and strengthen the Northeast Arts District." The applicant's artisanal food proposal at 1401 Marshall Street Northeast, which is also within the Northeast Arts District, will help continue the trend of having creative industries and arts related uses locate in Northeast Minneapolis.

Furthermore, the applicant is proposing building and site improvements that will make the proposed use more compatible with the adjacent property and the neighborhood. The improvements include opening up window and door openings along the primary elevations, installing clear glazing to allow views inside and out, repainting the entire building in a consistent color, installing landscaping, constructing a landscaped patio, and resurfacing the off street parking area.

(2) The proposed use is less intense than the existing, nonconforming use.

(a) Hours of operation: G&K Services was not open to the public. G&K Services operated a full maintenance garage for fleet mechanics and storage depot from 9:00 am until 6:00 pm, Monday through Friday. Encaustic LLC proposes hours of operations for office spaces of the building to be 9:00am until 5:00pm, Monday through Friday and hours of operation for the various food production facilities to be 7:00am until 5:00pm, Monday through Friday. The proposed hours of operation would not be more intense than the previous use. It should also be noted that as of 2011, hours of operation are now under the purview of business licensing and the applicant will have to ensure that the hours of operation meet business licensing requirements.

(b) Signage: The building and current use do not have signage. The applicant did not submit a sign plan for the new use; however, they state that they will comply with the city regulations for signs if the use is permitted. Section 543.250 of the Minneapolis zoning code states that nonconforming, nonresidential buildings in residential districts that are on a corner lot are allowed two signs not to exceed 16 square feet in area and 14 feet in height.

(c) Traffic generation and safety: When G&K owned the property from 1988 until earlier this year, an estimated two to 15 large commercial trucks would access the site (for maintenance or delivery). The number of passenger vehicles is unknown for the previous use.

The applicant's proposed use will have fewer large commercial trucks but may have more passenger vehicles. However, the applicant is taking measures to reduce vehicle traffic by providing more bike racks than what is required by the zoning code and encouraging those

working at the building to walk or bike. The applicant states, “Of the eight individuals who are confirmed to work at 1401 Marshall Street, three plan to commute by bicycle instead of car. Excluding the individuals who will work at the building, Encaustic expects that there will likely be weekly community events at the building where an estimated eight to 12 individuals will be in attendance.” Even though there may be more passenger vehicles with the proposed development, a majority of the traffic will travel on Marshall Street Northeast, which is a community corridor (from 8th Avenue Northeast to Lowry Avenue Northeast). A community corridor is recognized as a street that carries moderate volumes of traffic is an important travel route for both neighborhood residents and through traffic.

The applicant is completing three major site improvements to improve the safety of the site. First, the applicant is opening up window openings on the 14th Avenue Northeast and Marshall Street Northeast elevations and installing clear (or lightly tinted windows) with a visible light transmittance ratio of six-tenths or higher. Most of the window openings along these streets were infilled with glass block, covered over in opaque materials, or originally built with an opaque material. This will substantially improve the safety of 14th Avenue Northeast and Marshall Street Northeast by having eyes on the street. In addition, the applicant is proposing to remove the brick wall on the northwest side of the Marshall Avenue loading dock. The applicant’s proposal to remove the wall and open up the area will eliminate/reduce the opportunity for pedestrians to be surprised by people behind a large opaque wall. Finally, the applicant is proposing to activate the parcel with workers that will be able to notice unwanted activity on neighboring properties and the immediate area. For the last few years, the acre-plus site has had few workers in the building, which has been more of a liability than asset to the surrounding community.

(d) Off-street parking and loading: The proposed use will be in compliance with its off street parking requirement. In addition, the applicant’s proposed improvements to the parking area will help make the proposed off-street parking less intense than the previous use (see (h) aesthetic impacts on surrounding property for a list of site improvements).

The proposed use has three uses: a food production facility, office/show room, and tasting room. A food and beverage production facility has a parking requirement of one space per 1,000 square feet of gross floor area up to 20,000 square feet plus one space per 2,000 square feet of gross floor area in excess of 20,000 square feet. The applicant is proposing that 25,559 square feet of space be dedicated to food and beverage production. Therefore their parking requirement for this use would be 23 spaces (20 off street parking spaces for the first 20,000 square feet and three spaces for the remaining 5,559 square feet). An office use is required to provide one space per 500 square feet of gross floor area in excess of 4,000 square feet. The applicant is proposing to provide 3,811 square feet of office space; approximately 1911 square feet of the office will be a showroom space to display the products produced at the facility (the showroom will not be a retail establishment). Therefore, their parking requirement for the office use is four spaces. The tasting room is proposed to be 900 square feet. Per Table 541-1, non-residential uses with one thousand square feet or less shall be exempt from minimum off-street parking requirements. The base amount of parking for the entire project is 27 spaces. However, the applicant is proposing to take advantage of the zoning code’s bicycle incentive (541.220), as noted in the analysis below.

Department of Community Planning and Economic Development
BZZ-6072

The minimum automobile parking requirement for each non-residential use may be reduced ten percent or one space, whichever is greater, where bicycle parking spaces are provided equal to twenty five percent of the number of required automobile spaces specified in Table 541-1, Specific Off-Street Parking Requirements, but not less than four bicycle parking spaces. To qualify for this incentive, bicycle parking shall comply with the standards for required bicycle parking as specified in this ordinance. The applicant is able to reduce their off-street vehicle parking requirement for the food and beverage production facility by two spaces if they provide bike parking for six bicycles. The applicant is also able to reduce their off-street vehicle parking requirement for both the office/showroom and tasting room by one space if they provide four bike parking spaces for each use. Therefore, the applicant is able to reduce their off-street parking requirement by four spaces if they provide 14 bike parking spaces. With the reduction, the applicant's parking requirement is 23 off street parking spaces, which is what the applicant is proposing to provide.

The applicant is also meeting their loading requirement for the food and beverage production portion of the project. A food and beverage production facility between 10,000 and 30,000 square feet is required to provide one large loading space that is at least twelve feet in width by at least fifty feet in length exclusive of aisle and maneuvering space. The applicant is proposing to provide a loading space that meets these dimensional requirements on the north side of the building.

(e) Nature of business operations: The nature of the proposed businesses is complementary, compatible and more consistent with the area in comparison to the previous fleet maintenance and warehouse uses. The proposed artisanal food and beverage production will further the Sheridan neighborhood and Northeast Minneapolis Arts District's goal of being a destination for creative and arts related businesses.

The proposed artisanal food and beverage production, office and tasting room will also be complementary to the neighboring Grain Belt Activity Center, offices, retail/restaurants, and residential areas. The applicant states the tasting/community room will be open to small groups of individuals who wish to utilize a unique event space in order to connect with our tenant producers, and it will offer tenants an opportunity to share their craft with the community.

Furthermore, the proposed use is consistent with Marshall Street Northeast's history of food and beverage production. Grain Belt Brewing, one of the Midwest's largest beer producers, produced beer for 85 years a block to the south of the subject property. In addition, Gluek Brewing, produced beer for decades at its 20th and Marshall Street Northeast.

(f) Number of employees: According to the applicant, G&K Services had 10-15 employees at this location while it was in operation as a fleet maintenance facility. This was later reduced to a couple employees and those making deliveries to the warehouse. The applicant estimates that approximately 25 employees will work at the building when it is at full capacity, six for Driven Donkey LLC, three for Red Table Meat Company LLC, and an estimated 16 for the various other food production facilities. Although, this is more employees than the previous uses, it is well below what other uses would bring to a 31,000 square foot building.

(g) Building Bulk: No changes are proposed that would alter the building's bulk and massing.

(h) Aesthetic impacts on surrounding property: As part of the proposed project, the applicant is proposing to substantially improve the subject building and site. The applicant states "For the past number of years, the building has sat in a state of relative disrepair with a rather drab exterior appearance. Encaustic is confident that it can revitalize the appearance of the building in a manner that will greatly improve the immediate surrounding area and be a source of pride for the Sheridan neighborhood." The improvements the applicant proposes to make to the property include the following:

▪ **Site improvements**

- Installing new landscaping next to the building and boulevard on 14th Avenue Northeast and Marshall Street East;
- Installing of a landscaped yard, screening, and tree along Marshall Street Northeast that complies with the parking and loading landscaping and screening requirements outlined in section 530.170;
- Installing of a landscaped yard and screening along the eastern property line that complies with the parking and loading landscaping and screening requirements outlined in section 530.170 when across an alley from a residence;
- Replacing the dilapidated chain link fence along the eastern property line with a four foot high wood fence;
- Eliminating a loading dock on Marshall Street Northeast and closing a curb cut.
- Constructing a landscaped patio along Marshall Street Northeast;
- Installing concrete curbs and markings for the 23 off street parking spaces.

▪ **Building improvements**

- Opening up window and door openings on the 14th Avenue Northeast and Marshall Street Northeast elevations and installing windows and doors with clear glazing;
- Repainting the entire building in consistent and complimentary colors.

Noise, odor, heat, glare and vibration: The previous fleet maintenance use likely had air compressors, vehicle lifts and tire machines. Over the last few years, when G&K Services used the building more as a warehouse the use of this of equipment was likely reduced. The proposed uses are not anticipated to have noise, odor, heat, glare or vibration issues. All food production operations will take place within the building. Red Table Meat Company, which plans to cure pork products, has taken steps to reduce/eliminate noise and odor impacts of its food production. The applicant is proposing to deliver whole pigs from local farmers (slaughter occurs elsewhere). The pigs will be brought in refrigerated dock trucks once per week. The dry aging, which Red Table Meat Company proposes to use, occurs in interior dry-aging rooms with special air handling systems. The applicant states that the only odor will be faint aroma of salami when entering the building. Waste will be kept refrigerated until pickup. There will be little or no noise coming from the building as part of food production. It is realized that the proposed uses will have more pedestrian activities than the previous warehouse; however, based on the above analysis and recommended conditions of approval, the proposal should not be more intense than the previous use and it will be complementary to the adjacent uses.

Department of Community Planning and Economic Development
BZZ-6072

Based on the above analysis and recommended conditions of approval, the proposed food and beverage production facility, office and taste/community room should not be more intense than the previous warehouse facility/fleet maintenance facility.

RECOMMENDATIONS

Recommendation of the Community Planning and Economic Development Department for the Change of Nonconforming Use

The Community Planning and Economic Development Department recommends that the City Planning Commission adopt the above findings and **approve** the change of nonconforming to allow a food and beverage production facility, office and taste/community room in the R3-Residential District located at 1401 Marshall Street Northeast, subject to the following conditions:

1. CPED Planning staff review and approval of the final site, landscaping, floor plans and elevations.
2. All site/parking lot improvements shall be completed by June 11, 2015, unless extended by the Zoning Administrator, or the permit shall be revoked for non-compliance.
3. The applicant shall provide a minimum of 14 bike parking spaces to qualify for the bicycle incentive.
4. The proposed trees and shrubs shall meet plant material standards outlined in section 530.200 of the Minneapolis zoning code. The landscaped yard to the north of the driveway along Marshall Avenue shall be screened to be in compliance with section 530.170 (b) (2).

Attachments:

- 1) Written descriptions and findings submitted by the applicant.
- 2) Copies of e-mails sent to Sheridan Neighborhood Organization and CM Hofstede explaining the project
- 3) Public comments
- 4) Context map and oblique aerials
- 5) Plans-Existing site plan, proposed site plan, floor plan, and elevations
- 6) Applicant photos