Minneapolis
City of Lakes

CPED STAFF REPORT

Prepared for the City Planning Commission
CPC Agenda Item #1
November 2, 2015

ZONING CODE TEXT AMENDMENT SUMMARY

Initiator:	Council Member Frey
Introduction Date:	August 21, 2015
Prepared By:	Aaron Hanauer, Senior City Planner, (612) 673-2494
Specific Site:	Citywide
Ward:	Citywide
Neighborhood:	Citywide
Intent:	To allow small-scale grain milling as a permitted use in the three industrial zoning districts and as a limited production and processing use in commercial and downtown zoning districts.

APPLICABLE SECTION(S) OF THE ZONING CODE

- Chapter 536, Specific Development Standards
- Chapter 550, Industrial Districts

The following chapters were also introduced. However, staff is not recommending changes to these chapters as part of this amendment and is therefore recommending returning them to the author.

- Chapter 520, Introductory Provisions
- Chapter 548, Commercial Districts

BACKGROUND

On September 11, 2015, Council Member Frey introduced a zoning code text amendment for Chapter 520-Introductory Provisions, Chapter 536-Specific Development Standards, Chapter 548-Commercial Districts, and Chapter 550-Industrial Districts in order to allow small-scale grain milling as a new use in the zoning code. Currently, the City's zoning ordinance only allows a grain elevator or mill as a conditional use in the I3/General Industrial District; the City's zoning code also prohibits grain milling as a limited production and processing use in the commercial and industrial zoning districts.

The proposed amendment would allow small-scale grain milling as a permitted use in the three industrial zoning districts. A specific development standard is proposed for small-scale grain milling that would limit the portion of the use dedicated to the production and processing activities of grain milling and storage to no more than 5,000 square feet of gross floor area. As part of the limited production and processing text amendment introduced by Council Member Gordon, small-scale grain milling would be allowed as a limited production and processing use in the commercial and downtown districts. The requirement that the main entrance of a limited production and processing use needs to open to a retail or office component equal to not less than 15 percent of the floor area of the use would be maintained as a specific development standard. The two zoning code amendments will be considered concurrently.

PURPOSE

What is the reason for the amendment?

The proposed amendment is intended to provide more flexibility in allowing small-scale grain milling in more parts of the city as a standalone use or as an associated use with a bakery. The text amendment includes a specific development standard in which the portion of the use dedicated to production and processing activities (i.e. grain milling and storage of grain) shall not exceed 5,000 square feet of gross floor area. Similar to other food and beverage production operations, the ability to create smaller batches of flour allows for more flexibility and specialty in the creation of the final product. In addition, it is not uncommon for bakeries throughout the country to mill flour onsite for production of breads, pastries and other products.

Currently, in the City of Minneapolis, a new grain elevator or mill of any size would only be allowed in the I3/General Industrial District. The I3/General Industrial District consists of less than one percent of all zoning parcels in Minneapolis. These industrial parcels are typically large parcels in terms of square footage, in parts of the city that have the city's most intense industrial and manufacturing uses, and have little commercial vehicle traffic. The text amendment will allow for small-scale grain milling as a standalone use or as an associated use with a bakery in more parts of the city.

There is no official production level in the grain milling industry of what is considered small-scale and large-scale grain milling. However, according to the North American Miller's Association, wheat mills in the United States of average size produce about one million pounds of flour daily, and the largest produce between two and 3.2 million pounds per day. CPED staff reached out to a number of small-scale grain milling operations around the country. Of the small-scale establishments that were willing to share production levels, 25,000 pounds per week was the highest amount produced; well under one percent of what an average mill produces.

A typical difference between a smaller scale milling operation and large-scale milling operation is the type of mill used for milling. Small-scale grain milling operations often use a stone mill for milling compared to larger mills that typically use roller mills. Small-scale millers and artisanal bakers often prefer stone ground flour to roller milled flour because of the difference in texture, flavor and the ability to have lower milling temperature which helps protect nutrients.

What problem is the amendment designed to solve?

The Minneapolis zoning code is very restrictive in terms of where grain milling is allowed and is out-of-date in terms of grain milling trends. By creating a distinction between small-scale and large-scale mills in the zoning code, it will allow small-scale mills and bakeries that want to mill their own flour to locate in more locations throughout the city.

What public purpose will be served by the amendment?

The text amendment will have multiple public purposes. It will support Homegrown Minneapolis, a citywide initiative to help the community grow, process, distribute, eat and compost more healthy, sustainable, locally grown foods. In 2014, the State of Minnesota produced the tenth highest amount of wheat in the United States (Source: USDA Crop Production 2014 Summary). By allowing more grain milling opportunities in Minneapolis it will allow for locally grown flour to be milled in Minneapolis and sold in the Twin Cities (and beyond) or for a local bakery (or similar establishment) to produce products made from Minnesota wheat and Minneapolis milled flour.

The text amendment will also support City goals of being a hub of economic activity, innovation and supportive of entrepreneurs. It is anticipated that jobs would be created if the text amendment is passed. In addition, allowing for more flexibility with small-scale grain milling will continue the artisanal food and beverage production trend. In recent years, entrepreneurs have opened small-scale establishments that create cured meats, chocolate, beer, spirits, and honey. This has helped fill commercial storefronts and provided uniqueness to Minneapolis.

What problems might the amendment create?

It is unlikely that the text amendment would create problems. It is well known that flour is a combustible material and the story of the explosion that took place at the Washburn A Mill in 1878 comes quickly to mind; the last known flour explosion in Minneapolis was at the Pillsbury B Mill in 1881, 134 years ago. However, there are stringent building, fire, and electrical code requirements that are in place today for mills of any size that were not in place at the time of the Washburn A Mill and Pillsbury B Mill incidents. This includes the requirement of having a dust collection system, fire separation for the milling/grinding room, a combustible control plan, and providing reports to the building official on storage.

As previously mentioned, small-scale grain mills will likely be milling well under one percent of what an average flour mill in the United States produces. It is also likely that small-scale grain mills will be producing flour with stone mills and at a much slower pace than a larger mill. By producing flour at a slower rate, it will reduce the amount of flour dust that will be in the air of the milling room(s).

Larger scale grain mills are allowed only in the highest intensity industrial district because of their potential impacts, including noise, dust, odor, and truck/rail traffic. In recent decades, grain mills and elevators have not been found to be a major source of noise and odor complaints in Minneapolis. CPED reached out to the City of Minneapolis Environmental Services Department about the history of noise

and odor complaints from the three known active grain mills in Minneapolis: 1201 Jackson Street Northeast, 3501 Hiawatha Avenue, and 3745 Hiawatha Avenue. Jim Doten, Supervisor of Environmental Services provided the following noise and odor complaint summary:

- 1201 Jackson Street Northeast: No complaints.
- 3501 Hiawatha Avenue: Historically had a number of dust complaints with their elevator on Dight Avenue. However they were from one anonymous source and we could not validate the caller's complaints. They stopped shortly after closing an elevator near the complainant's house. She did call in even after it closed but stopped when 311 informed her the plant was not active. We received a noise complaint while the contractor General Mills hired was cleaning the elevators for decommissioning.
- 3745 Hiawatha Avenue: No odor complaints. We had a noise complaint back in 2010 about an occasional low hum. Not a violation. It was hard to detect. Another noise complaint came in 2015. It was about a piece of mobile equipment used for periodic cleaning and maintenance of the ADM elevator.

The three active grain mills and three active grain elevators in Minneapolis are well beyond the size allowance of a small-scale grain mill. The smallest building footprint of the active grain mills and grain elevators is approximately 35,553 square feet and the average footprint of these six structures is 71,156 square feet; the actual gross floor area of these buildings and grain elevators well exceeds the building footprints. With the substantially smaller size allowance for a small-scale grain mill (a maximum of 5,000 square feet of gross floor area) compared to the operating mills and elevators in Minneapolis, it is anticipated that small-scale grain mills will not have complaints in terms of noise, odor, and traffic.

TIMELINESS

Is the amendment timely?

The text amendment is timely. According to American Public Media's Splendid Table, artisanal grain milling is becoming more popular around the country. Of the 14 small-scale grain mill operations found in the United States during best practice research, 10 were established in the last 15 years. As previously mentioned, small-scale flour production would continue the trend of artisanal food and beverage entrepreneurs creating products that for years had been primarily produced by large-scale operations.

Is the amendment consistent with practices in surrounding areas?

Like Minneapolis, it is common for other central cities to limit large-scale grain milling operations or large-scale mills in general to industrial and manufacturing zoning districts. Other cities that limit large-scale mills or large mills in general to their industrial or manufacturing zoning districts include Baltimore, Boston, Buffalo (New York), Chicago, Portland (Oregon), Saint Paul, San Francisco, and Seattle. However, it was also found to be common for central cities in the United States to allow more flexibility in terms of small-scale grain milling in their business, commercial and light industrial/manufacturing zoning districts. Small-scale grain milling was typically not found to be called out as a specific permitted or conditional use in the zoning districts, but allowed generally as a type of manufacturing, industrial, or production use.

CPED staff found four establishments in large cities around the United States that would be considered a small-scale grain milling operation as it relates to this zoning code text amendment: Grist and Toll in Pasadena, California, Tabor Bread in Portland, Oregon, The Mill in San Francisco, California, and Baker

Miller in Chicago, Illinois. These establishments mill grain for sale as a final product, mill grain for an onsite bakery, or a combination of the two.

The Grist and Toll establishment in Pasadena, California is located in a light industrial zoning district (Small-Scale Restricted Industrial Zoning District). This zoning district allows manufacturing and industrial uses with a maximum gross floor area of 5,000 square feet. Tabor Bread in Portland, Oregon is located in a commercial zoning district (CS/Storefront Commercial). This zoning district allows industrial uses up to a maximum of 10,000 square feet of net building area. The Mill in San Francisco is located in a commercial zoning district (The Divisadero Street Neighborhood Commercial Transit District). This San Francisco commercial zoning district allows limited restaurant uses. Limited restaurant uses are able to manufacture and process foods and/or drinks for consumption on or off the premise. Baker Miller in Chicago, Illinois is located in a business zoning district (B3/Community Shopping District). This business zoning district along with Chicago's three commercial zoning districts allow small-grain milling as a permitted general manufacturing, production, and industrial use. General manufacturing, production, and industrial uses in Chicago are able to manufacture finished or unfinished products primarily from raw materials.

Are there consequences in denying this amendment?

Denying the text amendment would prohibit a use in Minneapolis that has been shown to be growing in popularity around the United States.

COMPREHENSIVE PLAN

The amendment will implement the following applicable policies of *The Minneapolis Plan for Sustainable Growth*:

Land Use Policy 1.1

Land Use Policy 1.1: Establish land use regulations to achieve the highest possible development standards, enhance the environment, protect public health, support a vital mix of land uses, and promote flexible approaches to carry out the comprehensive plan.

1.1.1 Ensure that the City's zoning code is consistent with The Minneapolis Plan and provides clear, understandable guidance that can readily be administered.

Land Use Policy 1.4: Develop and maintain strong and successful commercial and mixed use areas with a wide range of character and functions to serve the needs of current and future users.

1.4.1 Support a variety of commercial districts and corridors of varying size, intensity of development, mix of uses, and market served.

1.4.2 Promote standards that help make commercial districts and corridors desirable, viable, and distinctly urban, including: diversity of activity, safety for pedestrians, access to desirable goods and amenities, attractive streetscape elements, density and variety of uses to encourage walking, and architectural elements to add interest at the pedestrian level.

Economic Development Policy 4.1: Support private sector growth to maintain a healthy, diverse economy.

4.1.1 Use public development resources and other tools to leverage maximum private sector investment for public benefit.

4.1.2 Seek out and implement long-term redevelopment projects that catalyze revitalization and private sector investment.

Economic Development Policy 4.5: Attract businesses investing in high job density and low impact, light industrial activity to support the existing economic base.

The small-scale grain milling text amendment will help attract businesses that support the economic base and help support private sector growth, while at the same time balancing the protection of the public health and welfare by limiting the size of a small-scale grain mill.

RECOMMENDATIONS

The Department of Community Planning and Economic Development recommends that the City Planning Commission and City Council adopt staff findings to amend Title 20 of the Minneapolis Code of Ordinances, amending Chapter 536 and 550, as follows:

A. Text amendment to Chapter 536 and 550 related to the Zoning Code: Specific Development Standard and Industrial Districts. Development Standards and Industrial District.

Recommended motion: **Approve** the text amendment to allow small-scale grain milling. **Return** chapters 520 and 548.

ATTACHMENTS

1. Ordinance amending Chapter 536, Specific Development Standards.
2. Ordinance amending, Chapter 550, Industrial Districts.