



MEMORANDUM

**DATE:** March 21, 2022

**TO:** Honorable Mayor and City Councilmembers  
Dave Perrault, City Administrator

**FROM:** Jessica Jagoe, City Planner

**SUBJECT:** Planning Case 22-005 – Concept Plan Review  
Saltbox Proposal – 4440 Round Lake Road West

Budgeted Amount:	Actual Amount:	Funding Source:
N/A	N/A	N/A

**Council Should Consider**

Council should consider a request for a Concept Plan Review for a proposed interior buildout of 214 flexible office and warehouse suites at 4440 Round Lake Road West. Each suite is leased by an individual business, typically startup digital commerce companies. The Applicant is seeking feedback from the City Council on the concept plan in advance of the full submission which staff believes would include a land use application for a Variance and/or Site Plan Review in order to satisfy off-street parking requirements.

The Concept Plan Review process is an opportunity for the City Council to provide comments and questions regarding proposed developments. A concept review is considered advisory and is nonbinding to the City and Applicant (Section 1320.14, Subd 4 of the Zoning Code). No formal action can be taken at a Work Session. A formal application will be subject to the full review process, including a public hearing with Planning Commission and City Council review.

**Background**

In January, the City was contacted by the Project Manager assisting a company called Saltbox in their search efforts for an expansion site in Minnesota. They currently have five locations across the United States. Saltbox offers flexible warehouse and office suites that are leased by individual businesses, usually startup/small digital commerce companies. The intent of Saltbox is to provide an all-inclusive collaborative workspace to small businesses by providing the essential operations and logistical infrastructure that enables a business to start and scale its growth.

*Concept Plan Proposal*

Saltbox has submitted a proposed interior floor plan that shows a buildout of 214 flexible spaces that can be used as either warehouse, office, or some combination of the two (Attachment D). Suites will range in size from 76 sq. ft. up to approx. 2,000 sq. ft. The suites are constructed with 10’ high modular walls that are open above with no ceilings. Each suite is equipped with power, HVAC, and Wi-Fi as well as access to a shared central loading dock for shipping/delivery needs. Each Saltbox facility is designed with conference rooms, huddle rooms/lounges, bathrooms, main entry/welcoming area, and a break room that are shared by the small business tenants. The facility is open seven (7) days a week from 6 AM to 11 PM.

In addition, Saltbox employs Operations Specialists that handle the on-demand logistical services for receipt and delivery of packages, plus they are able to provide order fulfillment assistance to the small business owners. A package that is delivered to Saltbox is received by the Operations Specialist at the loading dock. The Saltbox employee then distributes smaller boxes to the individual suites or there is secured warehouse space for larger packages. Saltbox employees are onsite from 8 AM to 6 PM. The Applicant has stated this window of time is when 95% of their activity is expected to occur.

Saltbox is proposing the Arden Hills location would be for 214 warehouse and office suites with an estimated maximum occupancy of 398 members and 15 Saltbox employees. Saltbox would say that their flexible business model means that the 398 members would not be at the facility at the same time, but rather come and go at the needs of their individual business.

**Discussion**

*Existing Conditions*

The property is zoned GB, Gateway Business District. In addition, the parcel abuts Round Lake which would also be subject to applicable Shoreland regulations as a riparian lot. The entire property is guided for Light Industrial and Office use in the 2040 Comprehensive Plan.

	Saltbox Property	North	South	East	West
Zoning	GB District Shoreland	GB District	GB District	R-1 & R-3	35W - City of New Brighton I-1, Light Industrial
Future Land Use	Light Industrial and Office	Light Industrial and Office	Light Industrial and Office	Low Density Residential, Medium Density Residential	City of New Brighton, Light Industrial

The property was developed in 1979 prior to the City’s creation of the Gateway Business Zoning District. The total lot area is 358,036 square feet (8.2 acres) and the building is 113,565 square feet. At the time of construction, the existing development and uses complied with the applicable zoning codes. Today under the GB District, the existing development does not meet setback requirements for the building and off-street parking and is considered legal nonconforming.

Over the years, the property has continuously been utilized for office and warehouse use. The building is currently vacant, but the former occupant was Deluxe Corporation. The historical uses of the property would be allowed to continue as a legal right as a legal nonconforming so long as there is no intensification or expansion of said use. In 2004, it was documented that the distribution of uses within the building to be supported by the current parking supply would be no greater than 10% office (11,356 sq. ft.) and 90% warehouse (102,209 sq. ft.). Additionally, the former zoning of the parcel did not require a Special Use Permit for warehouse use. With the legal nonconforming designation, any expansion of the building and/or uses would require the property to be brought into conformance with current zoning regulations. That action could trigger the need for a Conditional Use Permit or a Variance if code current code requirements could not be met.

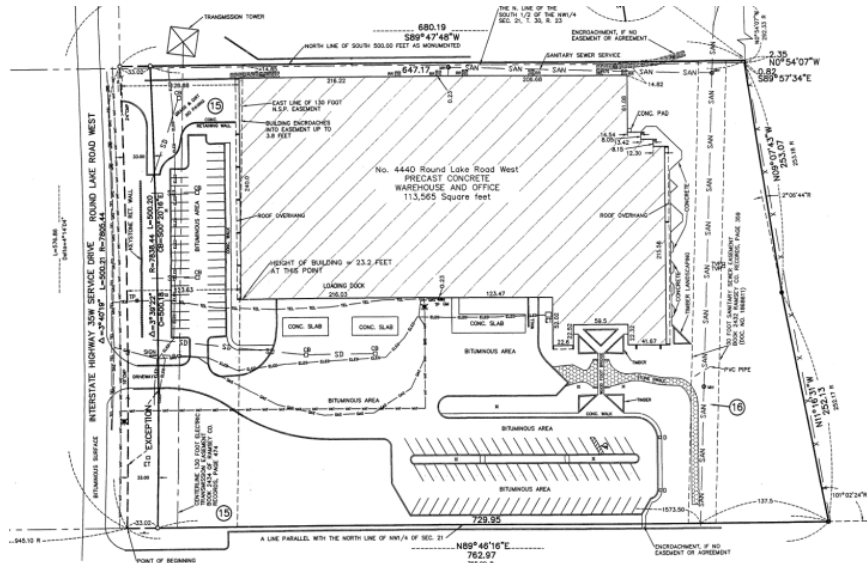
*Aerial Map of Subject Property*



The following are the Gateway Business District minimum setbacks:

- Front yard – 50 feet
- Side Yard (interior) – 20 feet/40 feet combination
- Rear Yard – 20 feet
- Off-Street Parking from ROW – 50 feet
- Off-Street Parking from Side or Rear Property Lines – 20 feet

The Certificate of Survey on file shows the parking lot is approx. 10 feet from the south property line and the building is approx. 14 feet from the north property line.



**Off-Street Parking Requirements**

As noted above, city records have documented that the former use of the building was no more than 10% office and 90% warehouse use. The table below illustrates the number of off-street parking spaces that would be required based on that ratio under current city code requirements.

Land Use	Parking Requirement	Required Number of Stalls by Use	Total Stalls Required at 10%/90%	Number of Existing Stalls	Parking Deficiency
Business & Professional Office @ 10% or 11,356 sq. ft.	1 for each 250 sq. ft. of floor area	45.4 stalls	147.6 stalls	108 stalls	-39.6 stalls
Other Business and Industry at 90% warehouse or 102,209 sq. ft.	1 for each 1,000 sq. ft. of floor area	102.2 stalls			

As a nonconforming site, this ratio is an important factor when evaluating a future land use because any intensification of use or shift in floor area between land uses has the likelihood of increasing the deficiency of off-street parking for this site. Again, the property can continue to operate in the same manner as a legal nonconforming without any further action.

In the review of Saltbox’s proposal there are three classifications of use that Planning Staff has determined could be applicable in calculating the number of parking spaces required:

- *Business and Industry* – 1 for each employee on major shift plus 1 for each vehicle used in conducting the business or 1 for each 1,000 sq. ft. of floor area, whichever is greater
- *Business and Professional Office* – 1 for each 250 sq. ft. of gross floor area
- *Multiple Occupancy Structure* – 1 for each space required for each separate use

Below is a table that illustrates a couple of scenarios for the number of off-street parking spaces required based on these provisions compared to the existing number of spaces:

<b>Off-Street Parking Use Classifications</b>	<b>Required Number of Stalls</b>	<b>Parking Deficiency</b>
10% office/90% warehouse	148	-39 stalls
20% office/80% warehouse	182	-74 stalls
30% office/70% warehouse	216	-108 stalls
Multiple Occupancy Structure – 1:1 for each separate use	214	-113 stalls

*Parking Study*

During the month of March, the Applicant conducted a study of the parking usage at their Texas location. This location has 126 office and warehouse suites with a maximum tenant occupancy of 186 members. Saltbox has indicated that occupancy is monitored through the issuances of access passes. No further detail was provided on how the number of access passes is determined or how they are distributed amongst the business owners. Additionally, there are 12 Saltbox employees at this location that are not factored into those occupancy numbers. Their Texas site has a total of 85 parking spaces. Saltbox has provided a chart to show peak parking usage over a seven (7) day work week (Attachment E). The Applicant states that “at the peak parking periods only 22% of the parking spaces were utilized by small business tenants”.

In comparison, the proposal for the Arden Hills location would be for 214 office and warehouse suites with an estimated maximum occupancy of 398 members and 15 Saltbox employees. They anticipate a peak parking demand of 91 spaces (i.e. 22% utilization) and feel this site would be sufficient to meet their needs given there are 108 existing parking spaces.

*Land Use Application Considerations*

Planning Staff has advised the Applicant that the warehouse suites as proposed would not be classified under traditional “warehouse” use in calculating the off-street parking requirements given that each of these suites is an individual business. The proposed land use complies with the office and warehouse uses as allowed in the GB District, but it is that ratio of what percentage of each use is occurring within the building. The warehouse suites are set up with a type of desk/workspace for the business owner. There is a high probability that a small business leasing a warehouse suite is performing business operations that fall under activity also related to “office” given the approach of the Saltbox concept.

*Image from the Saltbox website of Suites*



**Warehouse Suites**



**Office Suites**

In evaluating nonconforming uses, buildings, and lots, the City shall refer to City Code Section 1350 which mirrors the regulations of State Statute 462.357 for determining what type(s) of activity (i.e. continuation, rebuild, maintenance, expansion, etc.) may or may not be allowed. From the information reviewed, the determination has been made that the proposed use is an intensification of the site and a departure from not more than 10% office and 90% warehouse. This is due to the cumulative impacts of Saltbox employees, plus the potential for 200+ small businesses that may also have employees and/or clients utilizing the site.

Therefore, Staff has provided direction to the Applicant that they would need to apply for a variance from off-street parking requirements given the proposed utilization of the building has increased the demand for parking. In their assessment of the Arden Hills site, the Applicant has identified a “Proof of Parking” area for the potential of creating an additional 36 parking spaces. Since Saltbox performs the operational duties involved with the shipment and delivery of packages for the tenants, the daily delivery and pickup services could be facilitated from one loading dock. That would allow for the area in front of the other two loading docks to be converted to additional parking. Through the Concept Review, the Applicant is seeking feedback from the City Council in advance of a future land use application for a Variance and/or Site Plan Review.

Site Plan Review is required under Appendix A for the following various procedures:

1. New Development or Additions in any Business, Industrial or Multiple Family zoning districts.
2. Re-Use of business or industrial buildings that requires more parking than the previous use.
3. Reorganization of parking, drives and entrances in any Business, Industrial or Multiple Family Zoning districts.
4. Zoning District Change (preliminary site development plan)
5. Variances
6. Conditional Use Permit
7. Planned Unit Development
8. Substantive changes, as determined by the Zoning Administrator, to approved Site Plans or existing developed sites

City Code Section 1325.06 Subd. 1.F. for Reduction in Number of Required Spaces states -

*“The number of spaces required for a specific use may be reduced if the owner or occupant provides documentation that a lesser number of spaces will actually be needed than normally required by this Code and the City Council authorizes such lesser number after recommendation by the Planning Commission. The difference in the number of*

*spaces provided and those required shall be shown on the approved site plan as "proof-of-parking" and shall be constructed if and when the need for such additional spaces arises."*

Saltbox has provided a preliminary interior floor plan and a parking analysis for their proposed use. Based on an initial review, staff believes the proposal may require one or both of the following land use requests:

- Variance
- Site Plan Review

### **Budget Impact**

N/A

### **Attachments**

- A. Land Use Application
- B. Architectural Site Plan
- C. Certificate of Survey
- D. Saltbox Proposed Interior Floor Plan
- E. Parking Analysis
- F. Applicant Presentation