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**DATE:** May 4, 2022

**TO:** Planning Commission Chair and Commissioners

**FROM:** Jessica Jagoe, City Planner

**SUBJECT:** Planning Case #22-007 – No Public Hearing Required  
**Applicant:** Baker Hostetler LLP  
**Property Location:** 4440 Round Lake Road W.  
**Request:** Site Plan Review

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### **Requested Action**

Gregory Lee, Baker Hostetler LLP (“The Applicant”) on behalf of Saltbox (“The Company”) has submitted a land use application for Site Plan Review for a project located at 4440 Round Lake Road W. (“Subject Property”). The Applicant is seeking approval to reconfigure the parking lot layout for tenants of the approximate 113,000 square foot office and warehouse facility. The Subject Property is zoned GB, Gateway Business District and is guided as Light Industrial & Office on the Land Use Plan.

### **Background**

#### **1. Overview of Request**

At their March 21, 2022 meeting the City Council reviewed a concept plan for a company called Saltbox. 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.

Saltbox will be remodeling the interior of the building to construct flexible work spaces that can be used as either warehouse, office, or some combination of the two. 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.

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

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. As part of the improvements to the property, the Applicant is proposing to reconfigure the parking lot layout that would result in the immediate addition of 36 parking spaces and also identifies an area as proof of parking as a placeholder for future installation of parking spaces. Therefore, the Applicant is pursuing the Site Plan Review for the additional parking spaces.

*Image from the Saltbox website of Suites*



**Warehouse Suites**



**Office Suites**

## **Plan Evaluation**

### **Chapter 13, Zoning Regulations Review**

#### **1. Land Use Chart (GB Gateway Business District) – Section 1320.05**

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. Under the 2040 Comprehensive Plan, the property is guided as Light Industrial and Office use. Light Industrial and Office (I/O) uses are areas designated for a broad range of light industrial uses such as warehousing with manufacturing. This land use may also include offices. According to the 2040 Comprehensive Plan, the expected share of uses within this area are 50 percent to 100 percent Light Industrial or up to 100 percent Office.

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.

## **2. District Requirements Chart (GB Gateway Business District) – Section 1320.06**

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.

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 (Attachment C) 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. As a legal nonconforming, the property can continue to operate in the same manner without triggering any further action for the property to be brought into compliance with current zoning code requirements.

*Aerial Map of Subject Property*



## **3. General Regulations, Off-Street Parking Requirements – Section 1325.06**

For the Site Plan Review, the Applicant will not be modifying the existing parking lot size or pavement location. The Applicant is proposing new striping that would be completed within the boundaries of the existing parking lot. Under the new site plan, the Applicant is proposing to

discontinue the utilization of several loading docks and convert the existing pavement to parking spaces. The lot striping would result in the addition of 36 parking spaces to be installed upon approval. The site plan also identifies an area as proof of parking as a placeholder for future installation of 20 parking spaces. The proof of parking area is conceptual in the event additional parking is required to meet their tenant demands.

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.

<b>Land Use</b>	<b>Parking Requirement</b>	<b>Required Number of Stalls by Use</b>	<b>Total Stalls Required at 10%/90%</b>	<b>Number of Existing Stalls</b>	<b>Current Parking Deficiency</b>
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. The Applicant is proposing parking lot improvements that would bring the property closer to conformance with current code requirements for the number of spaces required. Additionally in review of the proposed parking, city code requires individual parking spaces to be at least nine (9) feet in width and eighteen (18) feet in length. The proposed parking spaces comply at nine (9) feet in width by twenty (20) feet in length.

As part of this submittal, the Applicant did provide a parking study that was conducted from a Saltbox location in Texas. 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. 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 D). The Applicant states that “at the peak parking periods only 22% of the parking spaces were utilized by small business tenants”.

In comparison, 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. During the concept review, Saltbox representatives indicated that their facilities operate between 60% to full capacity. The feedback of the City Council during the concept review was generally supportive of the Saltbox proposal. The Applicant identified a willingness to install the additional parking as a preemptive measure based on tenant occupancy

and future utilization. The Council felt the installation of the additional parking would be beneficial for this proposal. Planning staff will note that parking is not allowed on unimproved spaces and no on-street parking is permitted along Round Lake Road.

#### **4. Nonconforming Uses, Buildings, and Lots - *Section 1350***

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. Nonconformities are simply any land uses, structures or lots that do not comply with the current zoning ordinance of a City. Legal nonconformities are those uses, buildings, or lots that were legal when the zoning ordinance or amendment was adopted, in that they complied with then existing ordinance. The intent of these regulations is to allow a nonconforming use of land or building to be continued, including through repair, replacement, restoration, maintenance, or improvement, but not including expansion. From the information reviewed, the determination has been made that the proposed building use is a continuation of not more than 10% office and 90% warehouse.

#### ***1355.04 Procedural Requirements for Specific Applications***

Section 1355.04, Subd. 5 of the Arden Hills Zoning Code states that a public hearing is not required for Site Plan Review, but neighboring property owners shall be notified. Notification was prepared in accordance with City policy.

#### **Additional Review**

##### *Public Works Director/City Engineer*

The Assistant Public Works Director has reviewed the proposed site plan and is not recommending any changes to the site circulation, stall spacing, or sizing of drive aisle widths.

#### **Findings of Fact**

The Planning Commission must make a finding as to whether or not the proposed application would adversely affect the surrounding neighborhood or the community as a whole based on the aforementioned factors. Staff offers the following findings for consideration:

##### *General Findings:*

1. The Applicant has submitted an application for Site Plan Review to install striping for additional parking spaces at the subject property 4440 Round Lake Road W.
2. The Subject Property is located with the Gateway Business District and is guided as Light Industrial & Office on the 2040 Land Use Plan.
3. The Subject Property was developed prior to the City's creation of the Gateway Business District and is considered to be legal nonconforming.
4. The Applicant intends to continue the utilization of the existing 113,565 square foot building for office and warehouse purposes in a manner consistent with the nonconforming regulations.
5. The Applicant will be reconfiguring the parking lot layout within the boundaries of the existing parking lot.

6. The proposed plan does not conflict with the general purpose and intent of the Zoning Code or the Comprehensive Development Plan for the City.
7. The application is not anticipated to create a negative impact on the immediate area or the community as a whole.
8. The proposed plan will not produce any permanent noise, odors, vibration, smoke, dust, air pollution, heat, liquid, or solid waste, and other nuisance characteristics.
9. The proposed plan is not anticipated to have any impact on traffic or parking conditions.
10. A public hearing is not required for Site Plan Review.

### **Proposed Motion Language**

Staff has provided the following options and motion language for this case.

1. **Recommend Approval with Conditions:** Motion to recommend *approval* of Planning Case 22-007 for Site Plan Review at 4440 Round Lake Road W., based on the findings of fact and the submitted plans, as amended by the conditions in the May 4, 2022, Report to the Planning Commission:
  - 1) That the project shall be completed in accordance with the plans submitted. Any significant changes to these plans, as determined by the City Planner, shall require review and approval by the Planning Commission and City Council.
  - 2) The proposed parking stalls and drive aisles shall conform to all other regulations in the City Code.
  - 3) A building permit shall be obtained prior to installation for the parking spaces identified as “Proof of Parking”. Future installation of Proof of Parking area can be processed administratively through the Planning Department as part of the Site Plan approval if completed in accordance with the plans submitted under this review.
  - 4) Saltbox shall be required to maintain a listing of building tenants and provide said listing to the City upon request as needed for verification of occupancy in satisfaction of nonconforming uses.
2. **Recommend Approval as Submitted:** Motion to recommend *approval* of Planning Case 22-007 for a Site Plan Review at 4440 Round Lake Road W., based on the findings of fact and the submitted plans in the May 4, 2022 Report to the Planning Commission.
3. **Recommend Denial:** Motion to recommend *denial* of Planning Case 22-007 Site Plan Review at 4440 Round Lake Road W., based on the following findings of fact: *findings to deny should specifically reference the reasons for denial.*
4. **Table:** Motion to *table* Planning Case 22-007 for Site Plan Review at 4440 Round Lake Road W.: *a specific reason and/or information request should be included with a motion to table.*

### **Public Notice and Comments**

Staff published a notice in the *Pioneer Press* as per City procedure. Public notices were mailed out on April 22, 2022. The mailing was sent to neighbors within 500 feet of the subject parcel. No comments have been received regarding this application as of April 27, 2022.

### **Deadline for Agency Actions**

The City of Arden Hills received the completed application for this request on April 1, 2022. Pursuant to Minnesota State Statute, the City must act on this request by May 30, 2022 (60 days), unless the City provides the petitioner with written reasons for an additional 60-day review period. With consent of the applicant, the City may extend the review period beyond the initial 120 days.

### **Attachments**

- A. Land Use Application
- B. Location Map
- C. Applicant Narrative
- D. Site Plans
- E. Parking Study