

## STAFF REPORT

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**Application:** Discussion on Uses in the DMU zone

**Applicant:** City of Pequot Lakes

**Agenda Item:** 3(a)

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**Background Information:** The current Zoning Ordinance regulates how land is used, in part, by identifying a laundry list of uses that may occur within the City and identifying whether those uses are allowed, permitted administratively, permitted by conditional use, or prohibited altogether.

The City has recently experienced the limitations of the current system. Certain uses have been proposed in the City that are generally viewed as entirely appropriate in the Light Industrial or Downtown Mixed Use zoning districts. Rather than simply allowing these uses as a permitted use however, the current zoning ordinance requires them to obtain a conditional use permit – a process that is obviously more time-consuming, expensive and complex than a simple over-the-counter permit.

The challenge that the City faces in considering alternative approaches is to create an efficient and fair process for business owners seeking to locate, or re-locate, in the city while at the same time ensuring that these businesses do not create a significant nuisance or other problem for other properties in the area.

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**Current regulations:** In relation to commercial uses, in particular, the current list of uses identified in the ordinance is very sparse. Typical commercial uses in a community can generally be divided into three types – retail, office and service. Within these three categories, there are a countless number of businesses that could potentially be started in a community. Rather than attempting to list out all of the possibilities, the current ordinance essentially creates one category - “Commercial Use (Other, Not Classified)” – which is allowed only by conditional use in the Downtown Mixed Use, Commercial and Light Industrial districts and prohibited in all other districts. Thus, by the current ordinance, there is no distinction made between a bar that is open until 1:00 am, may have loud music playing, and creates the potential for littering on adjacent properties, and a clothing store which is open only until 5:00 pm and creates almost no potential for a nuisance to nearby properties.

As conservative as this approach is, it is relatively common throughout Minnesota – especially in small towns. This is for a number of reasons, but mostly because residential areas tend to be located very close to downtown and other commercial/industrial areas and the potential for conflict is relatively high. As such, many communities prefer to simply require a public hearing and allow everyone in the area a chance to comment and identify potential problems rather than risking issuing a permit for a business that creates a stir in the neighborhood afterwards.

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**Proposed Changes:** Staff proposes a number of changes to the ordinance to try and strike a balance between allowing any and all commercial uses in the LI and DMU

districts and being overly cautious by requiring all commercial uses to obtain a conditional use permit. The proposed concept is as follows:

1. Identify a list of uses that should simply be prohibited in the LI and DMU districts and identify these specifically on the land use matrix.
2. Identify a list of “performance standards” that should apply generally to proposed commercial uses in the LI and DMU districts. These would be a list of requirements that help to protect against the most common nuisances that a business might create – noise, glare, litter, traffic congestion, etc...
3. If a proposed business can demonstrate that it will meet all of the proposed standards, it would be allowed by an administrative permit (“over-the-counter”).
4. If a proposed business could not meet all of the standards, or needed to go beyond some of the standards to be successful, it could still be located in the area, but would require a conditional use permit and the associated public hearing.

The following is a preliminary listing of the performance standards that could be required of commercial uses if they want an administrative (“over-the-counter”) permit:

Add - Section 17-7.15 COMMERCIAL USES

1. **Hours of Operation:** 6:00 am – 8:00 pm for restaurants, coffee shops, cafes and other retail-based food/drink service businesses. For all other businesses, 7:00am – 6:00 pm.
2. **Outdoor Display/Seating/Waste Disposal/Parking Areas:** For businesses that will be adjacent to residential zoning districts, outdoor display, seating and waste disposal areas shall be sufficiently screened so as to minimize any visual or noise nuisances that may occur.
3. **Nuisances:** The business shall not create a nuisance of any kind, as defined by Section 17-7.2 of the Zoning Ordinance.
4. **Parking/Traffic Management:** Parking areas shall not be accessible from an alley or street which also abuts a residential district, unless such lot contains six (6) or fewer parking spaces.

In the existing zoning matrix, the following changes are recommended:

1. Delete - “Commercial Use (Other, Not Classified)”
2. Add – “Commercial Use (Other, Not Classified – Compliant with Section 17-7.15)
  - a. Change from “Conditional Use” to “Permitted” in the Downtown Mixed Use and Light Industrial districts
3. Add – “Commercial Use (Other, Not Classified – Non-compliant with Section 17-7.15)

Retain “Conditional Use” in Downtown Mixed Use and Light Industrial districts.

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**Business Input:** We are also seeking input from business operators and property owners in the Downtown Mixed Use District to identify and uses that should be specifically excluded from the DMU. We are inviting all owners to come to the July meeting and provide input on what those uses might be.