

CITY OF SEDRO-WOOLLEY

PLANNING DEPARTMENT

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TRANSMITTAL & REPORT MEMORANDUM

DATE: October 18, 2022

TO: Sedro-Woolley Planning Commission

REGARDING Amendments to SWMC 17.04.030 to Define “Alcohol Production Establishment”. Amendments to SWMC 17.20.010 and 17.28.010 to Add Alcohol Production Establishments as a Permitted Use in the Mixed Commercial and Industrial Zones.
Amendments to SWMC 17.24.010 to Add Alcohol Production Establishments as a Conditional Use in the Central Business District Zone.

FROM: _____
Nicole McGowan, Assistant Planner

The following amendments are proposed by the Planning Department and submitted to the Planning Commission for consideration. This report serves as the staff report for the proposed amendments and was submitted in accordance with Chapter 2.90 SWMC.

FINDINGS OF FACT

PROPOSAL

Breweries, distilleries and wineries are currently only a permitted use in the Industrial zone as a form of processing. There has been question from developers as to whether such uses are allowed elsewhere the City and what regulations may apply. Such uses fit well with the intents of the Mixed Commercial, Central Business District and Industrial zones and would be valuable assets to the City of Sedro-Woolley. Staff has proposed amending SWMC 17.04.030 to include a definition for “alcohol production establishments,” which excludes “alcohol serving establishments” and specifically includes breweries, distilleries and wineries and associated dining and/or alcohol beverage service. Additionally, staff has proposed amending SWMC 17.20.010 and 17.28.010 to add alcohol production establishments as a permitted use in the Mixed Commercial and Industrial zones with specific requirements. Also proposed are amendments to SWMC 17.24.010 to add alcohol

production establishments as a conditional use in the Central Business District zone with specific requirements. The proposed amendments can be found in **Attachment 1**.

BACKGROUND

Breweries, distilleries and wineries are permitted uses in the Industrial zone. The making of alcohol is typically considered a large-scale manufacturing process that has the potential to have an impact on neighboring properties, thus it is categorized as an industrial use. However, per 17.28.010A(6), retail and service uses associated with uses industrial zone – including gift shops, retail sales of the product, restaurants and tasting rooms – are limited to 5% of the total site. Staff presented this issue to the Business Development Committee of the City Council, and the committee approved the Planning Commission to study the topic in depth and propose making changes to the zoning code that would allow restaurants, tasting rooms and other retail aspects accessory to such establishments. To eliminate confusion for developers, staff recommended that the code identify these facilities under an overarching term and provide a clear definition for them separate from “alcohol serving establishments,” then specifically add such establishments as permitted or conditionally permitted uses in zones where they would fit best.

The Planning Commission discussed the project at its August 16 and September 20, 2022 meetings. The PC reviewed the second draft of amendments and has recommended additional edits. The PC requested that staff also provide examples from existing facilities from other jurisdictions of the percentage of floor area dedicated to production versus the percentage dedicated to retail to help determine what limitations would be reasonable.

ANALYSIS

These recommended amendments are intended to (1) remove the 5% cap on retail and service uses associated with alcohol production establishments so that they may include gift shops, retail sales of the product, restaurants, tasting rooms and other retail aspects accessory to such establishments, (2) to provide a definition for “alcohol production establishments” that clearly separates these types of facilities from “alcohol serving establishments” and (3) to clearly identify in which zones alcohol production establishments are permitted or conditionally permitted.

Staff finds that by specifically excluding alcohol production establishments from the use restriction “limited retail and service uses up to 5% of the total site”, more reasonable limitations can be placed on accessory retail/commercial use by using minimum/maximum floor area percentages instead. For example, by placing a requirement that a minimum of 60% of the floor area must be retail for an alcohol production establishment in the central business district, it keeps the majority of the building open to the public – which is desired in the pedestrian-oriented downtown area – and prevents an overly industrial feel to the facility. Staff contacted several existing breweries, wineries and distilleries from Seattle, Woodinville, Bellingham and Ferndale and obtained the following information to help

determine reasonable limitations for floor area dedications based on the set up of existing, successful establishments:

Seattle

Westland Distillery at 2931 1st Ave. S

Zone: Industrial

Production: 75%

Retail: 25%

Fremont Mischief Distillery at 132 N Canal St.

Zone: Commercial

Production: 60%

Retail: 40%

Woodinville

20 Corners Brewing at 14148 NE 190th St., Ste. A

Zone: Industrial

Production: 43%

Retail: 57%

Novelty Hill Winery at 14710 Redmond-Woodinville Rd. NE

Zone: Industrial

Production: 50%

Retail: 50%

Bellingham

Chuckanut Bay Distillery at 1311 Cornwall Ave.

Zone: Urban Village

Production: 25%

Retail: 75%

Ferndale

Fringe Brewery at 5640 3rd Ave.

Zone: Commercial/Residential

Production: 76%

Retail: 24%

Staff also researched further into how Bellingham, Woodinville and Seattle all handle size limitations for these types of facilities and in which zones they are permitted outright or permitted as conditional uses. Bellingham permits breweries, wineries and distilleries outright in the Industrial, Planned Commercial and Commercial Core zones while they are

conditionally permitted in the Neighborhood Commercial, and Commercial Transition zone. There are no apparent size limitations.

Woodinville permits breweries, wineries and distilleries outright in the Tourist Business and Industrial zones while they are conditionally permitted in the General Business and Central Business District zones. In this jurisdiction, these facilities are permitted in conjunction with on-site tasting and/or retail sales of the products manufactured on site and are subject to the following production limits: wineries – 250,000 liters per year; breweries – 60,000 barrels per year; and distilleries – 60,000 gallons per year.

Seattle permits breweries, wineries and distilleries outright with no size limitations in the General Industrial zone. These facilities are permitted conditionally in the Industrial Buffer and Industrial/Commercial zones with the condition that the retail portion does not exceed 3,000 square feet. There is no size limit for the production portion.

After considering these examples, staff finds that using floor area percentages as discussed with Planning Commission would be the best way to place size limitations on the retail or production portions of a facility because it would ensure that the use of the facility fits well with the intended uses of the underlying zone in which it is located.

The terms “alcohol serving establishment” and “alcohol production establishment” are similar, but have very different meanings. An “alcohol serving establishment” is defined in SWMC 17.04.030 as “a business licensed to allow on-premises consumption of liquor, wine or beer where the sale and on-premises consumption of said product is the prime source (more than fifty percent) of revenue for the premises. It is not meant to include restaurants where food is prepared and served on the premises and where the sale of liquor, wine or beer is incidental to and not the prime source of revenue for the premises.”

To avoid confusion between the two terms, the definition for “alcohol production establishment” specifically excludes “alcohol serving establishment.” The intent of the draft definition is intended to clarify that they are different uses in the zoning code and as such, are regulated differently. The draft definition is also written to make sure that the two terms are not in conflict with each other.

Staff has also included a requirement that, in the CBD, a maximum of 25% of the alcohol production establishment’s street frontage may be designed to display the production portion of the facility or other non-retail/non-commercial uses, provided that all other applicable design standards are met. At minimum, 75% of the building’s street frontage must display a retail/commercial storefront. The intent is to prevent these facilities from presenting an overly industrial look in zones where the atmosphere is intended to be primarily commercial/retail.

The proposed amendments are supported by and implement the following goals and policies from the Land Use Element and Economic Development Element of the Sedro-Woolley Comprehensive Plan.

Land Use Element:

Policy LU1.4 – Pursue industrial park development within all industrial designated areas.

Industrial properties are a prime location for alcohol production establishments as they are a form of processing.

Goal LU5 – To preserve community character.

The proposed amendments include provisions to make sure that an alcohol production establishment fits in with its surroundings. The Planning Commission labored over the amount of production should be allowed in the commercial zones, and how much retail/commercial shall be allowed in the industrial zone.

Policy LU5.1 – Focus commercial development in the central business district and discourage strip commercial development.

Alcohol production establishments, which would allow a mix of both processing uses as well as associated dining and/or alcohol beverage service, are proposed to be conditionally permitted in the central business district. The amount of production facility is limited by the proposed amendments – as is the amount of street frontage that is permitted to display industrial brewing facilities. Care will be taken during the review process to prevent strip commercial development in the central business district. Chapter 17.24 SWMC guides development away from strip style with the lack of setback and density requirements partnered with specific design standards and guidelines.

Policy LU5.2 – Resist growth pressures which could have a negative impact on community values.

The intent of the building floor area limitations proposed to be placed on the retail and production portions of alcohol production establishments is to ensure that the primary use of any given establishment of the sort fits well with the intended uses of the underlying zone in which it is located and helps maintain the city's vision for that zone. For example, a requirement for a minimum retail floor area percentage will prevent an alcohol production establishment located in the Central Business District from having an overly industrial look and/or function.

Policy LU5.3 – Seek and support developments that further the community character of Sedro-Woolley.

Alcohol production establishments that welcome the public in some way – through things like wine tasting rooms, brewpubs and facility tours, for example – draw visitors and work to create a community hub, bringing a source of local identity a jurisdiction.

Policy LU5.5 – Prevent incompatible uses within residential areas.

Alcohol production establishments are proposed to be permitted only in the industrial and mixed commercial zones and conditionally permitted in the central business district. They will not be permitted in any strictly residential zones.

Policy LU5.7 – Recognize the rights of property owners to freely use and develop private property consistent with city regulations.

These proposed amendments work to create clear, enforceable standards and regulations for the development and operation of alcohol production establishments.

Policy LU5.8 – Encourage high standards of appearance in all residential areas and in other high visibility areas.

Alcohol production establishments are proposed to have a requirement that in the CBD, a minimum of 75% of the street frontage must be designed to display a commercial storefront in the effort to prevent these facilities from presenting an overly industrial look in zones where the atmosphere is intended to be primarily commercial/retail.

Economic Development Element:

Goal E1 – To develop a sound fiscal base.

Alcohol production establishments will help to establish a sound fiscal base for the City of Sedro-Woolley due to the sale of in-house produced alcoholic beverages as well as accessory retail and service.

Policy E1.1 – Create employment opportunities within the Sedro-Woolley economy, particularly for residents who now commute to other distant employment areas.

Alcohol production establishments will provide numerous types of employment opportunities for residents of Sedro-Woolley.

Goal E2 – To increase economic opportunities.

Alcohol production establishments will help to increase economic opportunities for the City of Sedro-Woolley due to the sale of in-house produced alcoholic beverages as well as accessory retail and service.

Policy E2.1 – Encourage local business development opportunities and utilization by the private and public sector, particularly for small start-up businesses owned by or employing Sedro-Woolley residents. Promote local use of special small business financing and management assistance programs.

Alcohol production establishments will draw attention from both the private and public sector for both utilization and business development opportunities.

Policy E2.6 – Create local employment, shopping and other urban service activities that reduce Sedro-Woolley's dependence upon other urban areas.

Alcohol production establishments will help reduce Sedro-Woolley's dependence on other urban areas by providing employment opportunities for residents of Sedro-Woolley as well as providing food and retail services for locals.

Policy E3.1 – Promote tourism as a means of diversifying the economy and preserving the history of the community.

The opportunity for facility tours of alcohol production establishments will exist, should developers choose to incorporate them. Brewpubs, tasting rooms at distilleries and winery are known to draw tourists into a city.

Policy E3.19 – Promote the sprucing-up of the downtown business district. To instill a sense of ownership and foster long-term connections to the community, encourage youth participation in downtown revitalization.

Many older buildings within the downtown area are underutilized. Re-developing to use them for alcohol production establishments can help revitalize the downtown area and draw positive tourist activity.

PROPOSAL REVIEW PROCESS

1. Proposal introduced to Planning Commission at the August 16, 2022 Planning Commission meeting and the PC reviewed the first draft of proposed amendments to Title 17 SWMC.
2. Planning Commission reviewed a second draft of proposed amendments to Title 17 SWMC at the September 20, 2022 Planning Commission meeting.
3. Public Notice of the October 18, 2022 Planning Commission Hearing was published in the Skagit Valley Herald on October 6, 2022.
4. Hold a public hearing at the October 18, 2022 Planning Commission meeting.

RECOMMENDATION:

Staff recommends that the Planning Commission:

- Review the third draft of proposed amendments to SWMC 17.04.030, 17.20.010, 17.24.010 and 17.28.010;
- Hold a public hearing and discuss the amendments; and
- Make a motion to recommend that the City Council approve the proposed amendments to SWMC 17.04.030, 17.20.010, 17.24.010 and 17.28.010 to address alcohol production establishments.

ATTACHMENTS:

1. Proposed Amendments to SWMC 17.04.030, 17.20.010, 17.24.010 and 17.28.010.
2. Notice of October 18, 2022 Public Hearing.

Attachment 1

Proposed Amendments to Chapter 17.04, 17.20, 17.24 and 17.28 SWMC

17.04.030 Definitions.

...

"Alcohol serving establishment" means a business licensed to allow on-premises consumption of liquor, wine or beer where the sale and on-premises consumption of said product is the prime source (more than fifty percent) of revenue for the premises. It is not meant to include restaurants where food is prepared and served on the premises and where the sale of liquor, wine or beer is incidental to and not the prime source of revenue for the premises.

"Alcohol production establishment" means a business involved with the manufacturing, bottling, warehousing, and distribution of alcoholic beverages, excluding alcohol serving establishments and specifically including breweries, distilleries and wineries. Food and/or alcoholic beverage service may be allowed accessory to such establishments.

"Area" means total horizontal area. "Lot area" for purposes of calculating buildable area shall not include:

1. The area encompassed in flag driveways to a property set back from a private or public drive, street or road;
2. Easements for ingress and/or egress; or
3. Easements for gas or power transmission lines.

...

17.20.010 Use restrictions.

Use restrictions in the mixed commercial (MC) zone shall be as follows:

A. Permitted Uses.

1. Retail, general services, recreational and cultural uses, light manufacturing, low-intensity agriculture;
2. Residential units contained above the first story of a commercial building (live/work units are specifically included), limited to eight such units per building;

3. *Repealed by Ord. 1709-11;*
 4. Public utilities, other than wireless communications facilities;
 5. Health facilities and services~~;~~
6. Alcohol production establishments, provided that a minimum of 50% of the building floor area is designated for retail and commercial use.

B. Conditional Uses.

1. Quasi-public uses.
2. Wireless communications facilities.
3. Public uses.
4. All other uses not otherwise prohibited.

C. Prohibited Uses. All uses not allowed as permitted or conditional uses are prohibited. Adult entertainment is a prohibited use in this zone. (Ord. 1840-16 § 1, 2016: Ord. 1709-11 § 1, 2011; Ord. 1522-05 § 1, 2005: Ord. 1484-04 § 7 (part), 2004: Ord. 1312-98 § 1 (part), 1998: Ord. 1309-98 § 6, 1998: Ord. 1013 § 2.04.01, 1985)

17.24.010 Use restrictions.

Use restrictions in the central business district shall be as follows:

A. Permitted Uses.

1. All forms of commerce; geared to the centralized provision of goods and services within easy walking distance. Commercial retail and office use on the first floor, and retail compatible uses on the second floor;
2. Multifamily housing located above the first floor or at the rear of a commercial and/or retail occupancy. An exception from the buffering and fencing requirement exists for upper story residences in existing buildings in an area bordered by the tracks to the west, Puget Street to the east, the tracks to the north, and Warner Street to the south;
3. Multifamily housing, between two and four units per building, may be allowed independent of commercial uses outside of the area bordered by the tracks to the west, Puget Street to the east, the tracks to the north, and Warner Street to the south. Also excluded is property fronting on Metcalf Street, West Ferry Street, West State Street and

property abutting the tracks between Rita Street and Walley Street (south of State Street). Multifamily housing per this subsection must also meet the following:

- a. The front entries must be oriented towards the public right-of-way;
- b. The development must meet the requirements of the Sedro-Woolley design standards for the CBD and multifamily development;
4. Parking lots serving any use; provided they are at the rear of a retail or commercial building, or facing a street other than Metcalf, Ferry, Woodworth, or State;
5. *Repealed by Ord. 1709-11;*
6. Public uses;
7. Public facilities.

B. Conditional Uses.

1. Alcohol serving establishments.
2. Alcohol production establishments, provided that a minimum of 60% of the building floor area is designated for retail and commercial use. A maximum of 25% of the building's street frontage may be designed to display the production portion of the facility or other non-retail/non-commercial uses, provided that all other applicable design standards are met. At minimum, 75% of the building's street frontage must display a retail/commercial storefront.
32. All uses not permitted above.
43. Quasi-public uses.

C. Prohibited Uses. Adult entertainment establishments; heavy industrial uses as defined in Chapter 17.28; wireless communication towers. (Ord. 1709-11 § 2, 2011; Ord. 1696-11 § 2, 2011; Ord. 1693-10 § 1, 2010; Ord. 1664-10 § 2 (Exh. B) (part), 2010; Ord. 1451-03 § 3, 2003; Ord. 1312-98 § 1 (part); 1998; Ord. 1309-98 § 7, 1998; Ord. 1013 § 2.05.01, 1985)

17.28.010 Use restrictions.

Use restrictions in the industrial (I) zone shall be as follows:

A. Permitted Uses.

1. Office parks, medical services, wholesaling, and light manufacturing and processing;

2. Industrial equipment, supplies, services, including storage;
3. Agricultural processing;
4. Parking lots serving any use;
5. Trade schools, warehouses, storage, utilities other than wireless communications facilities, government services;
6. Limited retail and service uses up to five percent of the total site;
7. Live-work units as a transition between industrial and residential;
8. On-site day care serving a specified permitted use;
9. On-site recreational facilities serving a specified permitted use;
10. Adult entertainment establishments, as herein defined; provided, that no adult entertainment establishment shall be located nearer than seven hundred fifty feet from any other adult entertainment establishment; and provided further, that no adult entertainment establishment shall be located nearer than seven hundred fifty feet from any residential zone, seven hundred fifty feet from any school, public or private, seven hundred fifty feet from any church, and seven hundred fifty feet from any park. Distances as provided in this subsection shall be measured by following a straight line, without regard to intervening buildings, from the nearest point of the property parcel upon which the proposed use is to be located to the nearest point of the parcel property of the land use from which the proposed use is to be separated:⁻

11. Alcohol production establishments, provided that a minimum of 50% of the building floor area is designated for production. SWMC 17.28.010(A)(6), which limits retail and service uses to 5% of the total site, does not apply.

B. Conditional Industrial Uses.

1. Vehicle wrecking yards, vehicle impound lots;
2. Power generation facilities;
3. Airports, heliports;
4. Prisons;
5. Incinerators;

6. Animal slaughtering and meat packing, food processing;
7. Wireless communication facilities;
8. On-site hazardous waste treatment and storage facilities as accessory to a permitted or conditional use are allowed as a conditional use; provided, such facilities comply with the state hazardous waste citing standards and Sedro-Woolley and State Environmental Policy Act requirements;
9. Garbage and/or recycling transfer stations or sorting facilities;
10. Composting facilities;
11. All uses not permitted above or otherwise prohibited.

C. Prohibited Uses. Residential uses other than those that are ancillary to an industrial use listed above. (Ord. 1664-10 § 2 (Exh. E) (part), 2010: Ord. 1484-04 § 8 (part), 2004: Ord. 1312-98 § 1 (part), 1998: Ord. 1309-98 § 5, 1998; Ord. 1063 § 5 (Exh. D § 2.06.01.05), 1988; Ord. 1013 § 2.06.01, 1985)

NOTICE OF PUBLIC HEARING

CITY OF SEDRO-WOOLLEY

Amendments to Development Regulations

Hybrid Meeting

City of Sedro-Woolley Council Chamber and Virtually via Zoom Webinar

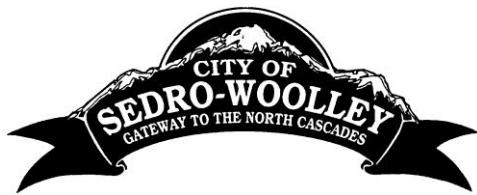
The City of Sedro-Woolley Planning Commission will hold public hearings on **October 18, 2022 at 6:30 PM** in the Sedro-Woolley Council Chamber and virtually via Zoom Webinar, to hear testimony regarding following proposed amendments to the City Development Regulations:

1. Possible amendments to Title 17 SWMC to address retail uses associated with breweries, distilleries and wineries in the industrial and commercial zones
2. Possible amendments to Title 17 SWMC to define “live/work unit” and specify parking regulations for live/work units

Interested parties can comment on the proposed changes in writing or at the hearing. Written comments will be read into the public record and **must be received by 4:00PM October 18, 2022** to be considered at this public hearing. Send written comments to: City of Sedro-Woolley Planning Department, ATTN: Assistant Planner, 325 Metcalf Street, Sedro-Woolley, Washington, 98284, or by email to nmcgowan@sedro-woolley.gov.

Please go to the Planning Commission Meetings page on the Sedro-Woolley website (<https://www.ci.sedro-woolley.wa.us/>) to find the meeting materials and a link to join the webinar.

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CITY OF SEDRO-WOOLLEY

PLANNING DEPARTMENT

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TRANSMITTAL & REPORT MEMORANDUM

DATE: October 18, 2022

TO: Sedro-Woolley Planning Commission

REGARDING Amendments to Chapter 17.04 SWMC to Add a Definition for Live/Work Unit and Amendments to Chapters 17.20 and 17.28 SWMC to Specify Parking Requirements for Live/Work Units

FROM: _____
Nicole McGowan, Assistant Planner

The following amendments are proposed by the Planning Department and submitted to the Planning Commission for consideration. This report serves as the staff report for the proposed amendments and was submitted in accordance with Chapter 2.90 SWMC.

FINDINGS OF FACT

PROPOSAL

SWMC 17.04.030 does not include a definition for live/work units, which are a permitted use in both the Mixed Commercial (MC) and Industrial (I) zones. Additionally, the parking requirements described in SWMC 17.20.060 are unclear on how they would apply to live/work units located in the MC zone. There are no parking requirements in Chapter 17.28 SWMC for live/work units located in the Industrial zone either. Staff has proposed amending Chapters 17.04, 17.20 and 17.28 SWMC to make it easier to regulate the construction and occupancy of live/work units and associated parking infrastructure. The proposed amendments can be found in Attachment 1.

BACKGROUND

When Ordinance No. 1484-04 was passed October 13, 2004, which added live/work units to the list of permitted uses under SWMC 17.20.010 and 17.28.010, no supplemental definition was created for live/work units under SWMC 17.04.030. Similarly, no specific parking requirements were provided for live/work units. These missing pieces of information appear to have been an oversight. As a result, regulation of the construction of

live/work units and associated parking infrastructure is difficult and left open to interpretation.

The Planning Commission discussed the proposal at its August 16, 2022 meeting. Due to an administrative error, the PC removed this topic of discussion from the September 20, 2022 meeting agenda. The PC began the process of thoroughly reviewing the first draft of amendments and has already recommended one edit – to specify that the commercial portion of the unit shall not be occupied by residential use. Staff and the PC were tasked with doing more research on possible regulations to ensure live/work units are constructed and occupied according to the city's code regulations and vision for their function.

ANALYSIS

There are strong economic, demographic and household trends pushing for cities to accommodate live/work units. Advances in information technology and telecommunication have greatly increased the feasibility of working from home, making them an ideal way to provide space especially for local small businesses. Live/work units are desirable for many because of their smaller carbon footprint, reduced transportation costs and greater work flexibility and autonomy. While there are many pros to live/work units, they must also be carefully regulated to prevent hazardous, incompatible uses and prevent live/work units from reverting to purely residential use. The proposed amendments are intended to provide clear, enforceable construction, occupancy and associated parking infrastructure regulations to ensure live/work units are constructed and occupied as the city envisioned for the accommodation of live/work units in the mixed commercial and industrial zones and comply with all applicable building and zoning code while still providing the desired functions.

Staff performed additional research, looking at examples of live/work regulations from Bellingham, Seattle and Tacoma, and made some additional edits to the proposed amendments which include the following:

- Added a condition that access shall be provided to the residential portion of the live/work unit through the commercial portion;
- Added a condition that the commercial portion of the unit shall be open to the public during business hours;
- Removed “kitchen” from the condition stating that the commercial portion of the unit must not contain any of the primary features of a residential unit, such as sleeping, laundry facilities or bathrooms containing a shower or bathtub;
- Added a condition that both residential and commercial rates will apply for permitting and monthly city utility billing purposes;
- Added a condition that the owner shall sign a live/work agreement attesting that the occupancy shall comply with all applicable requirements and regulations; the agreement shall be filed with and approved by the Director;
- Added a condition that upon sale of the property, the new owner shall be required to sign and submit a new live/work agreement with the Planning Department for approval; and

- Added a condition that to change or expand the amount of interior commercial or residential space, the owner must obtain all necessary permits/approvals from the City and meet all requirements prior to changing or expanding.

The proposed amendments are also supported by and implement the following goals and policies from the Land Use Element, Economic Development Element and Housing Element of the Sedro-Woolley Comprehensive Plan:

Land Use Element:

Goal LUI – To safely accommodate population growth without causing urban sprawl.

Live/work units will provide amenities for both work and living space for residents within the incorporated city limits.

Policy LU1.4 – Pursue industrial park development within all industrial designated areas.

Live/work units are permitted in industrial zones as a transition between residential and industrial properties. If an industrial park is adjacent to residential zoned property, the industrial park may develop the adjacent edge to include live/work units with specific use restrictions to ensure uses within the live/work unit are compatible.

Policy LU5.2 – Resist growth pressures which could have a negative impact on community values.

Live/work units provide both residential and commercial space to be reserved for and regularly used by the resident. The proposed amendments work to create enforceable regulations that ensure the uses of both spaces are consistent with city regulations and provisions for the underlying zones in which they are permitted.

Policy LU5.3 – Seek and support developments that further the community character of Sedro-Woolley.

Live/work units provide a great space for local small businesses to flourish. With the commercial portion open to the public and facing the public right-of-way, pedestrians will be encouraged to stop in. Live/work units also reduce dependence on automotives, removing the need to commute to work, helping to identify Sedro-Woolley as a “green city” working to reduce automobile dependency.

Policy LU5.7 – Recognize the rights of property owners to freely use and develop private property consistent with city regulations.

These proposed amendments work to create clear and enforceable construction, occupancy and associated parking infrastructure regulations for live/work units.

Goal LUI7 – To control the impacts of development activities on the quality of surface and ground water.

All permit applications for live/work units will be subject to review with the Planning and Building Departments to ensure the proposed development will have established water runoff controls to minimize or eliminate the discharge of any pollutants to surface or ground water.

Policy LUI7.8 – Under no circumstances should hazardous wastes be allowed to contaminate the groundwater, surface water or sewer systems of the city of Sedro-Woolley. Dispose of hazardous wastes only in landfills designated for that purpose.

Hazardous uses are specifically excluded from the list of permitted uses for the commercial portion of live/work units, regardless of whether the unit is located in the industrial zone. Under no circumstance will hazardous waste be allowed to enter groundwater, surface water or city sewer systems.

Economic Development Element:

Goal E1 – To develop a sound fiscal base.

The use of the commercial portion of live/work units by business owners will help to establish a sound fiscal base for the City of Sedro-Woolley.

Policy E1.1 – Create employment opportunities within the Sedro-Woolley economy, particularly for residents who now commute to other distant employment areas.

The commercial portion of live/work units will provide various types of employment opportunities for residents of Sedro-Woolley. Up to five non-residential employees will be allowed to occupy the commercial portion at any one time.

Goal E2 – To increase economic opportunities.

The use of the commercial portion of live/work units by business owners will help to increase economic opportunities for the City of Sedro-Woolley. The regulations are intended to assure that the commercial portion of the live/work building is used for commercial, not residential uses. This ensures that the underlying zone – either Mixed Commercial or Industrial – are being used for the intended commercial and industrial uses, not just residential use.

Policy E2.1 – Encourage local business development opportunities and utilization by the private and public sector, particularly for small start-up businesses owned by or employing Sedro-Woolley residents. Promote local use of special small business financing and management assistance programs.

The smaller live/work spaces are excellent locations for small businesses and start-up businesses.

Policy E2.6 – Create local employment, shopping and other urban service activities that reduce Sedro-Woolley's dependence upon other urban areas.

Live/work units will help reduce Sedro-Woolley's dependence on other urban areas by providing shopping, service and employment opportunities for residents of Sedro-Woolley.

Policy E3.16 – Encourage signage explaining what companies/products are located/produced in the City's industrial areas to promote the viability of the City's industrial sector. Many interesting and important goods are produced in these areas and improving the awareness of their presence can help attract prospective industrial tenants.

Live/work regulations will include a requirement for the commercial portion of the unit to have an exterior sign with the name of the associated business. The sign must be clearly associated with the unit and visible to pedestrians from the public right-of-way. Signage will help to ensure the public is aware of the presence of the business.

Housing Element:

Goal H1 – To provide sound, adequate housing for all current and future Sedro-Woolley residents.

Live/work units will provide adequate housing for one family, provided that there is a business on site and the operator or an employee of the associated business resides there.

Policy H1.6 – Encourage sustainable housing practices to provide energy efficiency and environmentally responsive design.

Live/work units are designed to include accommodations for both residential and commercial uses within the same building, reducing the resident's dependence on transportation by eliminating the need for them to commute to work. For this reason, these units are environmentally responsive as well as inherently sustainable and energy efficient in design.

Goal H2 – To provide affordable housing for all current and future Sedro-Woolley residents.

Live/work units are designed with the intent to increase the density of development and provide affordable housing because the owner can live and work in the same structure, instead of having to pay for two separate buildings for living and working.

Goal H5 – To create and approve processes that allow for bold innovation and diversity.

Live/work units allow a diverse range of business opportunities for their occupants.

Policy H5.2 – Allow permits for home businesses that have little impact on surrounding developments.

Live/work units provide accommodation for in-home businesses and are carefully regulated to be compatible with the residential portion of the unit as well as neighboring developments.

PROPOSAL REVIEW PROCESS

1. Proposal introduced to Planning Commission at August 16, 2022 Planning Commission meeting and the Planning Commission reviewed the proposed amendments to Title 17 – Zoning at the August 16, 2022 Planning Commission meeting.
2. Public Notice of the October 18, 2022 Planning Commission Hearing was published in the Skagit Valley Herald on October 6, 2022.
3. Hold a public hearing at the October 18, 2022 Planning Commission meeting.

RECOMMENDATION:

Staff recommends that the Planning Commission:

- Review the second draft of proposed amendments to Chapters 17.04, 17.20 and 17.28 SWMC
- Hold a public hearing and discuss the amendments; and
- Make a motion to recommend that the City Council approve the proposed amendments to Chapters 17.04, 17.20 and 17.28 SWMC.

ATTACHMENTS:

1. Proposed Amendments to Chapter 17.04, 17.20 and 17.28 SWMC.
2. Notice of October 18, 2022 Public Hearing.

Attachment 1

Proposed Amendments to Chapter 17.04, 17.20 and 17.28 SWMC

Chapter 17.04 ADMINISTRATIVE PROVISIONS

17.04.030 Definitions.

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"Light manufacturing" means any manufacturing activity that does not create noise, smoke, odors or any other nuisance that can be detected from outside the building.

"Live/Work Unit" means a unit in which a residential use is located above or behind a commercial use within the same building and is reserved for and regularly used by the resident. These units are subject to the following conditions:

1. The commercial area function shall be limited to the first or main floor only of the live/work unit;
2. The commercial portion of the unit shall not exceed 50% of the area of the live/work unit;
3. All residential features must be designed and arranged to be separated from the commercial portion of the unit by a physical divider such as a wall or partition;
4. Access shall be provided to the residential portion of the live/work unit through the commercial portion;
5. The residential portion of the unit must be inhabited by the operator or an employee of the associated business;
6. Not more than five nonresidential workers or employees are allowed to occupy the commercial area at any one time;
7. The commercial and residential spaces cannot be leased separately from each other;
8. The minimum size of the commercial portion of the unit shall not be less than 300 square feet;

9. The maximum size of the commercial portion of the unit shall not exceed 3,000 square feet;
10. The use of the commercial portion of the unit is limited to the permitted uses of the underlying zone in which the unit is located. Hazardous uses, storage (except accessory storage up to 10% of the space dedicated to a permitted commercial use) and marijuana growing, processing and/or retail are specifically prohibited uses in the commercial portion of the unit;
11. The commercial portion of the unit shall be open to the public during business hours;
12. The commercial portion of the unit shall not be occupied by residential use;
13. The commercial portion of the unit must not contain any of the primary features of the residential portion of the live/work unit, such as sleeping, laundry facilities, or bathrooms containing a shower or bathtub;
14. For live/work units located in the Industrial Zone, the use restriction "limited retail and service uses up to 5% of the total site" does not apply (SWMC Section 17.28.010 (A)(6));
15. Live/work units shall include an exterior sign with the name of the associated business. The sign shall be clearly associated with the unit and visible to pedestrians from the public right-of-way;
16. Both residential and commercial rates will apply for permitting and monthly city utility billing purposes;
17. The owner of a live/work unit shall sign and submit a live/work agreement to the Planning Department attesting that they will comply with all applicable live/work requirements and regulations and that the commercial portion will not be used for any residential, storage or other non-compliant uses; the agreement shall be approved by the Director;
18. Upon sale of the property, the new owner shall be required to sign and submit a new live/work agreement to the Planning Department for approval; and
19. To change or expand the amount of interior commercial or residential space, the owner must obtain all necessary permits/approvals from the City and meet all requirements prior to changing or expanding.

"Lot" means a contiguous quantity of land under one ownership, with fixed boundaries, which can legally be bought and sold separately from other lands.

Chapter 17.20

MIXED COMMERCIAL (MC) ZONE

...

17.20.060 Parking for residential uses in the MC zone.

The parking requirements for residential uses in the MC zone shall be as follows:

Studio	1 space
1 bedroom	2 spaces
2 bedrooms	2 spaces
3 bedrooms	3 spaces
4 or more bedrooms	4 spaces
Visitor/overflow spaces	1 additional space per 8 units

Live/work units shall provide parking per the table above for the residential use based on the number of bedrooms in the unit. Live/work units shall also provide commercial parking spaces per the development standards in SWMC 17.36.030.

Parking spaces counted for residential use shall not also be counted towards non-residential parking requirements of SWMC Ch. 17.36 for this zone. (Ord. 1484-04 § 7 (part), 2004)

Chapter 17.28

INDUSTRIAL (I) ZONE

Sections:

- 17.28.005 Intent.**
- 17.28.010 Use restrictions.**
- 17.28.020 Bulk restrictions.**
- 17.28.030 Minimum lot size requirements.**
- 17.28.040 Screening requirements.**
- 17.28.050 General regulations on uses and property.**
- 17.28.060 Design review.**

17.28.XXX Parking for Live/Work units in the Industrial Zone

17.28.005 Intent.

The intent of the industrial zone is to provide appropriately located areas for manufacturing, warehousing, distribution, and office uses to enhance the city's economic base in a manner that minimizes impacts to surrounding nonindustrial zones. The standards recognize the market preferences and construction techniques characteristic of this type of use. Commercial, retail, and residential uses are permitted at a limited scale so as to preserve the majority of land in this category for industrial and business uses. (Ord. 1664-10 § 2 (Exh. E) (part), 2010; Ord. 1484-04 § 8 (part), 2004)

17.28.010 Use restrictions.

Use restrictions in the industrial (I) zone shall be as follows:

- A. Permitted Uses.
 - 1. Office parks, medical services, wholesaling, and light manufacturing and processing;
 - 2. Industrial equipment, supplies, services, including storage;
 - 3. Agricultural processing;
 - 4. Parking lots serving any use;
 - 5. Trade schools, warehouses, storage, utilities other than wireless communications facilities, government services;
 - 6. Limited retail and service uses up to five percent of the total site;
 - 7. Live-work units as a transition between industrial and residential;

8. On-site day care serving a specified permitted use;
9. On-site recreational facilities serving a specified permitted use;
10. Adult entertainment establishments, as herein defined; provided, that no adult entertainment establishment shall be located nearer than seven hundred fifty feet from any other adult entertainment establishment; and provided further, that no adult entertainment establishment shall be located nearer than seven hundred fifty feet from any residential zone, seven hundred fifty feet from any school, public or private, seven hundred fifty feet from any church, and seven hundred fifty feet from any park. Distances as provided in this subsection shall be measured by following a straight line, without regard to intervening buildings, from the nearest point of the property parcel upon which the proposed use is to be located to the nearest point of the parcel property of the land use from which the proposed use is to be separated.

B. Conditional Industrial Uses.

1. Vehicle wrecking yards, vehicle impound lots;
2. Power generation facilities;
3. Airports, heliports;
4. Prisons;
5. Incinerators;
6. Animal slaughtering and meat packing, food processing;
7. Wireless communication facilities;
8. On-site hazardous waste treatment and storage facilities as accessory to a permitted or conditional use are allowed as a conditional use; provided, such facilities comply with the state hazardous waste citing standards and Sedro-Woolley and State Environmental Policy Act requirements;
9. Garbage and/or recycling transfer stations or sorting facilities;
10. Composting facilities;
11. All uses not permitted above or otherwise prohibited.

C. Prohibited Uses. Residential uses other than those that are ancillary to an industrial use listed above. (Ord. 1664-10 § 2 (Exh. E) (part), 2010: Ord. 1484-04 § 8 (part), 2004: Ord. 1312-

98 § 1 (part), 1998; Ord. 1309-98 § 5, 1998; Ord. 1063 § 5 (Exh. D § 2.06.01.05), 1988; Ord. 1013 § 2.06.01, 1985)

17.28.020 Bulk restrictions.

A. Minimum Setbacks to Adjacent Zones.

1. Setbacks to Residential (R-5, R-7 and R-15) Zones. Front setbacks shall be a minimum of twenty feet. Side setbacks shall be a minimum of thirty feet. Rear setbacks shall be a minimum of thirty feet.
2. Setbacks to All Other Zones. Front setbacks on an arterial street shall be a minimum of twenty feet. Side setbacks shall be a minimum of twenty feet. Rear setbacks shall be a minimum of twenty feet.
3. Setbacks to the Industrial Zone. Buildings shall maintain a minimum ten-foot setback to all lot lines when adjacent to other properties zoned industrial.

B. Maximum building height: thirty-five feet. A variance to the maximum building height may be granted as set forth in Chapter 17.60.

Exception: sixty feet, if minimum side and rear setbacks required in subsection A of this section are doubled. (Ord. 1677-10 § 1 (part), 2010; Ord. 1664-10 § 2 (Exh. E) (part), 2010: Ord. 1522-05 § 3, 2005: Ord. 1484-04 § 8 (part), 2004: Ord. 1387-00 § 1, 2000: Ord. 1312-98 § 1 (part), 1998: Ord. 1013 § 2.06.02, 1985)

17.28.030 Minimum lot size requirements.

There is no categorical minimum lot size for industrial uses in this zone. However, the lot size may be made a condition of approval in design review and conditional uses if relevant in those proceedings. (Ord. 1664-10 § 2 (Exh. E) (part), 2010: Ord. 1484-04 § 8 (part), 2004: Ord. 1312-98 § 1 (part), 1998: Ord. 1013 § 2.06.03, 1985)

17.28.040 Screening requirements.

A six-foot-tall totally sight-obscuring fence, wall or other screen of equal effectiveness shall be maintained around all industrial storage and activity areas where adjacent to or across a public right-of-way from any other zone. The planning director may waive the screening requirement in a case where a permanent feature (such as an elevated railroad grade) that meets the screening requirements exists between the project and adjacent property. The screening requirements in Section 17.50.120 shall also apply. In the case of conflict between screening requirements, the higher standards shall apply. (Ord. 1664-10 § 2 (Exh. E) (part), 2010: Ord. 1484-04 § 8 (part), 2004: Ord. 1312-98 § 1 (part), 1998: Ord. 1013 § 2.06.04, 1985)

17.28.050 General regulations on uses and property.

The following provisions shall apply to all new and expanded uses within this zone when located adjacent to a residential zoned district:

- A. There shall be no unusual fire, explosion, or safety hazards;
- B. Sound levels are not to exceed levels established by noise control regulations of the Department of Labor and Industries. Maximum permissible environmental noise levels are not to exceed the levels of the environmental designations for noise abatement (EDNA) as established by the state of Washington, Department of Ecology (WAC 173-60-040);
- C. Pollution standards set by regional, state, or federal pollution control commissions or boards shall apply to all uses;
- D. There shall be no production of heat, glare, or vibration perceptible from any property line of the premises upon which such heat, glare, or vibration is being generated;
- E. If less intense uses are proposed, they shall be located adjacent to the residential zoning to lessen the impacts of the industrial activity. Uses such as live/work units, parking areas, office buildings, stormwater facilities and open spaces should be used as a transition between industrial and residential zoning. (Ord. 1664-10 § 2 (Exh. E) (part), 2010: Ord. 1484-04 § 8 (part), 2004: Ord. 1387-00 § 2, 2000)

17.28.060 Design review.

All developments in this zone which are subject to environmental review shall comply with the design review standards of Chapter 15.44 for conformance with this and other provisions of the city code. (Ord. 1664-10 § 2 (Exh. E) (part), 2010: Ord. 1484-04 § 8 (part), 2004)

17.28.070 Parking for Live/Work Units in the Industrial Zone.

The parking requirements for live/work units in the Industrial Zone shall be as follows:

<u>Studio</u>	<u>1 space</u>
<u>1 bedroom</u>	<u>2 spaces</u>
<u>2 bedrooms</u>	<u>2 spaces</u>
<u>3 bedrooms</u>	<u>3 spaces</u>
<u>4 or more bedrooms</u>	<u>4 spaces</u>
<u>Visitor/overflow spaces</u>	<u>1 additional space per 8 units</u>

Live/work units shall provide parking per the table above for the residential use based on the number of bedrooms in the unit. Live/work units shall also provide commercial parking spaces per the development standards in SWMC 17.36.030.

Parking spaces counted for the residential portion of the live/work unit shall not be counted towards the parking requirements of SWMC Ch. 17.36 for the commercial portion.

NOTICE OF PUBLIC HEARING

CITY OF SEDRO-WOOLLEY

Amendments to Development Regulations

Hybrid Meeting

City of Sedro-Woolley Council Chamber and Virtually via Zoom Webinar

The City of Sedro-Woolley Planning Commission will hold public hearings on **October 18, 2022 at 6:30 PM** in the Sedro-Woolley Council Chamber and virtually via Zoom Webinar, to hear testimony regarding following proposed amendments to the City Development Regulations:

1. Possible amendments to Title 17 SWMC to address retail uses associated with breweries, distilleries and wineries in the industrial and commercial zones
2. Possible amendments to Title 17 SWMC to define “live/work unit” and specify parking regulations for live/work units

Interested parties can comment on the proposed changes in writing or at the hearing. Written comments will be read into the public record and **must be received by 4:00PM October 18, 2022** to be considered at this public hearing. Send written comments to: City of Sedro-Woolley Planning Department, ATTN: Assistant Planner, 325 Metcalf Street, Sedro-Woolley, Washington, 98284, or by email to nmcgowan@sedro-woolley.gov.

Please go to the Planning Commission Meetings page on the Sedro-Woolley website (<https://www.ci.sedro-woolley.wa.us/>) to find the meeting materials and a link to join the webinar.

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