City Council Communication

Department: Community Development CASE # ZC-23-015 Applicant/Property Owner: Menard Inc. 5101 Menard Drive Eau Claire, WI 54703 Representative: Nick Brenner, Real Estate Rep. Menard Inc. 5101 Menard Drive Eau Claire, WI 54703	Ordinance No. _____	City Council: 1st Consideration: 2/26/2024 2nd Consideration: 3/11/2024 3rd Consideration: 3/25/2024 Planning Commission: 1/9/2024

Subject/Title

Request: Public hearing on the request of Nick Brenner, representing Menard, Inc., to rezone property legally described as Lots 1 and 3A, Lake Manawa Centre Subdivision from P-C/Planned Commercial District to C-2/General Commercial District.

Location: 3200 Manawa Centre Drive

Background

The Community Development Department has received an application from Nick Brenner, representing Menard, Inc., to rezone property located at 3200 Manawa Center Drive, legally described as Lots 1 and 3A, Lake Manawa Centre Subdivision, from P-C/Planned Commercial District to C-2/General Commercial District (see Attachment 'A'). The purpose of this request is to allow Menard's to repurpose their former retail store into 'commercial storage' and to redevelop their front parking lot into two new commercial outlots (see Attachments 'B' and 'C'). The Lake Manawa Power Centre is a master-planned development that was established in 1993 and serves as one of Council Bluffs premier outdoor shopping centers. The development consists of approximately 148 acres of land and 1,028,754 square feet of commercial space. The subject Menard's property is comprised of 13.9 acres of land and approximately 233,962 square feet of commercial/retail space, which makes it the largest building in the shopping center (by square footage) and the third largest developed property (by acreage) in the Lake Manawa Power Centre. The property is situated near a main entrance and is highly visible from the South Expressway, 32nd Avenue, and Manawa Centre Drive. Additionally, the site has direct vehicular and pedestrian access onto 32nd Avenue and Manawa Center Drive.

Land Use and Zoning

The following zoning and land uses surround the subject property:

- North/East: A mixture of commercial retail, restaurants, and an automotive service establishment all zoned PC/Planned Commercial District;
- South: Railroad tracks, 35th Avenue, and a mixture of retail commercial and consumer service establishments all zoned PC/Planned Commercial District;

- West: South Expressway, automotive sales and rental establishments, restaurants, manufacturing, and financial services all zoned a mixture of C-2/Commercial District and I-2/General Industrial District.

A location/zoning map is included with this report as Attachment 'D'.

The future land use plan of the Bluffs Tomorrow: 2030 Comprehensive Plan designates the subject property as 'Regional Commercial'.

Public notices were mailed to all property owners within 200 feet of the request. No comments have been received as of the date of this report.

All City Departments and local utilities were notified of the proposed rezoning request. The following comments were received:

A. Council Bluffs Fire Department stated they have no comments for the request.
B. Council Bluffs Public Works stated stormwater management will be required for water quality at the time the property is subdivided.
C. Council Bluffs Water Works stated they have no comments for the request.
D. MidAmerican Energy stated they have no concerns for the request and that Menard's or their agent should contact them directly to discuss the project timeline and identify costs associated with their project.

Discussion

1. The future land use plan of the Bluffs Tomorrow 2030 (Comprehensive Plan) designates the subject Menard's property and the entire Lake Manawa Power Centre as 'Regional Commercial'. This designation is described as "*significant commercial development in high visibility areas, such as expressway interchanges and major destinations centers. Uses in these areas include big-box retailers, casinos, franchise restaurants, and large multi-tenant shopping centers. Often, regional commercial centers are arranged around an internal circulation system and with coordinated development".* Historically, the City has applied P-C/Planned Commercial District zoning to areas designated as 'Regional Commercial' because they are developed as large master planned commercial shopping centers or entertainment areas (i.e. Metro Crossing, Marketplace, M.A.C. Area, and Bluffs Northway) and share interconnected relationships via street networks, utilities, stormwater, architectural design, site layouts, pedestrian and vehicular interconnections, signage, property maintenance, etc. The C-2/Commercial District is typically not applied to areas designated as "Regional Commercial" as this zoning district does not allow for master planned developments and is more oriented towards stand-alone commercial/retail strip and/or highway-oriented development.

2. The applicant has requested to rezone the subject property from P-C/Planned Commercial District to C-2/Commercial District in order to repurpose their former retail store into 'commercial storage'. Per Section 15.18.010 of the Council Bluffs Municipal Code (Zoning Ordinance), the purpose and intent of the P-C District is to *"provide for the development of retail shopping centers, hotel/motel services, destination resorts, and office parks. Facilities in planned commercial districts are designed to be used in common, such as ingress and egress roads, extensive parking accommodations, proper relations to traffic arteries, and compatibility with surrounding uses. Because large retail/service centers have significant impact upon the development of the city, final authority over their development shall be*

retained by the city council, with extensive review by the planning commission." As opposed to the P-C District, the purpose and intent of the C-2/Commercial District is to *"provide for major commercial retail shopping and service areas adjacent to major traffic corridors. This district also provides a variety of commercial services to the community and adjacent residential neighborhoods"*, as per Section 15.15.010 of the Council Bluffs Zoning Ordinance.

The P-C District is the most appropriate zoning designation for properties within the Lake Manawa Power Centre as its purpose and intent is to allow master-planned developments that contribute significant employment opportunities and economic development (i.e., property tax base and sales tax base) in our community. The subject Menard's property is currently required to adhere to a set of adopted development standards within the Lake Manawa Power Centre that regulate architecture, landscaping, site design, etc. to ensure cohesive and high quality aesthetics throughout the development. Any new development that would occur on the large, highly visible subject property would not be held to any set of adopted standards under the C-2 zoning designation if the rezoning is approved. This would also create an unfair advantage to the applicant and would potentially have negative consequences for how the property interacts with adjacent properties and the long-term economic stability of the shopping center.

Furthermore, the C-2 District allows other uses that are not allowed within a P-C District (i.e., outdoor automotive sales, contractor shops, etc.), which are not compatible with a master planned development, such as the Lake Manawa Centre.

3. A 'commercial storage use' is allowed in a C-2 District with the adoption of a conditional use permit (CUP) from the Zoning Board of Adjustment (ZBA). If the rezoning is approved, the applicant would have to obtain a CUP in order to operate their 'commercial storage' facility on the subject property. The CUP review process includes a public hearing and would consider factors such as, but not limited to, site layout, land use compatibility with surrounding properties, exterior lighting, injury to property values, convenience and general welfare of the public, pedestrian and vehicle access, screening/buffering, and utilities.

4. A "Power Center" is a type of commercial development that is generally described as being a large outdoor shopping center that contains a mixture of freestanding 'big box' stores, smaller retail strips, consumer service establishments, hotel/lodging, and/or restaurants whose sites share driveway interconnections and off-street parking. Power Centers are typically designed to make 'big-box' stores tenants highly visible to customers and serve a trade area of several miles. This type of development is usually automobile-oriented and is designed in a manner that utilizes 'big box' stores to attract large customer bases, who then make additional stops to visit other smaller commercial/retailers within the development. Historically, the Lake Manawa Power Centre operated with four 'big-box' stores (Sam's Club, Home Depot, Wal-Mart, and Menard's) until 2023, which is when Menard's relocated to their new store site at the former Mall of the Bluffs.

   Since 2022, Menard's has tried selling their former store but have been unsuccessful due to a variety of reasons related to the property's sale price, redevelopment costs, land use incompatibility, and/or their business relationship with Wal-Mart, who has approval rights for any new use on the property. Menard's has stated to the City that when they are not able to sell their former store sites they convert them into 'commercial storage' so they can continue to make use of their property in a profitable manner. This business strategy has been deployed in several Midwestern states, including Iowa, and also includes the conversion of other vacant "big box" stores, located within close proximity of an existing Menard's store, such as the former Shopko store in Lincoln, Nebraska.

5. Section 15.03.158 of the CBMC (Zoning Ordinance) defined 'commercial storage' as *"storage services primarily for personal items and household goods within enclosed storage areas having individual access but excluding use of areas as workshops, hobby shops, manufacturing, or commercial activities"*. This type of use is allowed in the C-2/Commercial District and R-4/High-Density Multi-Family Residential District with issuance of a conditional use permit from the ZBA and in the I-1/Light Industrial and I-2/General Industrial Districts as a permitted "by-right" use.

   Within the City of Council Bluffs, 'commercial storage' facilities are generally described as stand-alone development that have a very low to sporadic amount of customer traffic. They are usually located within close proximity of residential development or adjacent to a major thoroughfare and are not known for generating new development on neighboring or adjacent properties. The City is very cognizant of the changing "brick-and-mortar" retail environment that is occurring nationwide and has been proactive in recent years to try and reinvigorate our P-C District commercial centers by allowing new land uses such as multi-family residential and light assembly/manufacturing. As opposed to 'commercial storage', multi-family residential and manufacturing uses are seen as "economic development generators" as they contribute to our local property tax base, housing, and employment numbers. These uses are considered harmonious with retail commercial centers and tend to bring a predictable amount of traffic that benefits other "big box" stores and smaller retailers within the P-C District commercial centers. Additionally, 'commercial storage' does not generate much sales tax revenue, as compared to other commercial/retail uses in our P-C District commercial center, and is not considered to be consistent with the purpose and intent of a 'Power Center', as it would create an economic void in the Lake Manawa Power Centre.

   Furthermore, allowing a C-2 designation in one of our premier shopping centers located at one of the entrances to our community (I-80 and South Expressway) would be in conflict with the City's mission, which is to improve the quality of life and attractiveness of the City of Council Bluffs, and our proactive efforts to halt the decline of the city's commercial shopping centers.

6. The conceptual site plan submitted by Menard's shows the site being replatted and developed into a three-lot subdivision. The former Menard's store would be located on a stand-alone parcel and their parking lot along 32nd Avenue would be redeveloped into two new commercial development lots. The former store site would lose their frontage along 32nd Street, which would make it very difficult for future redevelopment as they have limited visibility and less land area to accommodate new building(s), off-street parking, stormwater management, etc. Additionally, the loss of direct access to 32nd Avenue and a decrease in visibility could potentially reduce the property's value and marketability.

7. The subject property has access to water, sanitary sewer, and storm sewer utilities within 32nd Avenue and/or Manawa Center Drive rights-of-ways and is suitable for commercial development.

8. The subject property is located within an AH Flood Zone, as per FEMA Flood Insurance Rate Map panel #19155C0576E, dated 2/4/2005. All development on the subject property shall comply with applicable Federal, State, and local floodplain development standards.

Recommendation

The Community Development Department recommends denial of the request by Nick Brenner, representing Menard, Inc., to rezone property legally described as Lots 1 and 3A, Lake Manawa Centre Subdivision from P-C/Planned Commercial District to C-2/General Commercial District, based on reasons stated above.

Public Hearing

Staff speaker for the request:

1. Christopher Gibbons, Planning Manager, City of Council Bluffs, 209 Pearl Street, Council Bluffs, IA 51503

Speakers in favor:
1. Nick Brenner, Menard Inc., 5101 Menard Drive, Eau Claire, WI 54703

Speakers against: None

General inquiry from the public
1. Raymond Paulus, 817 College Road, Council Bluffs, IA 51503

The City Planning Commission recommended denial of the request by Nick Brenner, representing Menard, Inc., to rezone property legally described as Lots 1 and 3A, Lake Manawa Centre Subdivision from P-C/ Planned Commercial District to C-2/General Commercial District, based on reasons stated above.

VOTE: AYE – Hutcheson, Opperman, Rater, Rew, Stroebele, Van Houten, and Watson. NAY – None. ABSTAIN – None ABSENT – Bailey, Bass, and Knauss. VACANT - One Motion: Carried.

Attachments

Attachment A: Letter of intent
Attachment B: Conceptual site plan
Attachment C: Proposed building renderings
Attachment D: Location/zoning map

Prepared by: Christopher N. Gibbons, AICP, Planning Manager, Community Development Department