



Planning Commission Regular Meeting

Monday, July 7, 2025, 5:30 PM
106 Center Street

Members of the public may attend the Planning Commission meeting either in person or by joining via Zoom either online or by telephone at:

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Some items on this agenda are important enough to City Councilmembers that a quorum of the Council may be present to receive information leading to their future deliberations and eventual decision.

AGENDA

1. Call to Order
2. Roll Call
3. Minutes of the Preceding Meeting(s)
4. Discussion Items
 - A. 10 Water Street PUD Preliminary Plan Application - continued from June 23rd PC meeting
5. Communications and Reports
6. Miscellaneous
7. Adjournment



Item: 4.A.

ITEM REPORT

To: Planning Commission

From: Julia Mullin, Community Development Director

Meeting Date: July 7, 2025

Department/Office: Community Development

Item Name: 10 Water Street PUD Preliminary Plan Application - continued from June 23rd PC meeting

Summary:

APPLICANT	Matt Mithun, Water & Lake LLC, 950 Wayzata Blvd, Ste 104, Wayzata, MN 55391
PROPERTY OWNER	Same
LOCATION	10, 26, 28 Water Street
CASE NO.	PC No. 2025-04
60/120-DAY DEADLINE	May 31, 2025/July 30, 2025 (deadline extended to 8/15/2025)

BACKGROUND

At your meeting on June 23, 2025, you held the public hearing and considered the Planned Unit Development (PUD) Preliminary Plan application for a mixed-use development at 10 Water Street. You did not complete your review and voted to continue the application to a Special Planning Commission meeting to finalize a set of recommendations on the application to the City Council.

The City Council is scheduled to continue the public hearing and review the application at their meeting on July 21, 2025.

Based on your discussion on June 23rd, staff has drafted a set of recommendations for your review and approval. The recommendations are attached.

Attachments

1. Draft recommendations on PUD Preliminary Plan application for 10 Water Street

Recommended Action:

RECOMMENDED ACTION

The Planning Commission shall continue their review of the application and finalize recommendations to the City Council. Based on your meeting in June, staff recommends the Planning Commission provide comment, specifically, on zoning flexibility requested and how well the proposed project meets the PUD criteria.

Budget:

Attachments:

1. 10 Water Street_PC rec_Muenzbergedit_07_07_25

**Planning Commission recommendation to City Council on the PUD Preliminary Plan
application for the proposed mixed-use development at 10 Water Street
June 7, 2025**

The Planning Commission has provided comment and recommendation on the four zoning standards that are not met and the extent of flexibility the applicant is requesting. The Commission has further provided comments on how well the project conforms with the PUD decision criteria as outlined in City Code Section 65-2.

The applicant requests flexibility in the following areas:

1. Unit size

Recommendation: allow the smaller units. On average the size of the 1-bedroom units exceed the required minimum. The Commission anticipates that the smaller units will be less expensive to rent and therefore might attract younger people or people who will live in the units year-round. Smaller units contribute to city goal to have a diversity of housing types in the city.

2. Parking setback standard

Recommendation: allow the proposed parking area setback with the condition that the Fire District approves it. The site, like many in downtown Excelsior, is a unique shape, size and elevation. The parking area and private drive lane in question are directly abutting retaining walls or buildings and as such, won't be visible from neighboring properties or public streets. Providing flexibility as long as safety is considered is recommended.

3. Building Height

Recommendation: five out of the seven Planning Commissioners recommend that the height of the structure on Water Street be reduced. They recommend reducing the three-story portion of the building facing Water Street to two stories, or at a minimum, require the entire third story to be setback like the rest of the building. They found that creating a two-story facade is important to the character of the downtown historic district and at a minimum the impression of two stories (set back the third story) should be required. The Water Street side of the building matters most in terms of compatibility with the downtown historic district. The difference between 28', maximum allowed in zoning code, and 39'8" proposed for the development, measured from grade on Water Street to the top of the three-story structure, is significant. It is recommended that flexibility from

the height requirement be permitted elsewhere on the parcel – at the interior and on the Lake Street side of the project.

Two Commissioners found the proposed building heights on Water Street are compatible with the building height pattern across downtown that the applicant presented.

[Subject to further discussion on height limitations at the interior and at Lake St.]

4. Parking requirements

Recommendation:

- a) Flexibility in the amount of parking provided can be requested and can be granted as part of a PUD application. However, the city must be confident that the parking available onsite is enough for the development to be successful and that proposed reliance on the public parking system will not overburden it. The developer must provide a detailed parking plan for how the project will provide the required parking: for residential units, commercial space, restaurant space, and theater space. If the developer wants to propose fewer parking stalls on site than required, they must the City with a plan for how the development will succeed without the required onsite parking. If the developers intend to rely on public parking stalls, they must provide a detailed analysis of how many public stalls they will need.
- b) It is recommended that a financial contribution to the city's public parking system be required for the deficit spaces, recognizing the reliance on public parking this development requires.
- c) The Planning Commission recommends that the requested parking of 1.75 spaces per dwelling unit to be contained solely in the underground ramp is [?not?] sufficient for the analysis of the required parking for the development.
- d) At the Planning Commission meeting on June 23, 2025, the applicant indicated that because they have no tenant identified for the space they have called out as restaurant space in their plans, they are only required to follow the city's parking requirements for "retail use". The applicant has proposed a restaurant space at the corner of Water and Lake Streets as one of the exciting parts of this project for downtown Excelsior since the beginning, and should therefore, propose a parking plan that reflects this use. Any financial contribution by the development to the city for deficit parking spaces will need to be based on the actual use of the property at any given time, however, it is recommended that the evaluation of the adequacy of the proposed parking anticipate a restaurant use in that space.
- e) At the Planning Commission meeting on June 23, 2025, the applicant indicated that they would like to divide the parcel at 30 Water Street and include in the proposed mixed-use development only the parking area at the rear. The proposed division would separate the Lago Tacos building from its currently existing parking area, resulting in a parcel that includes only

the building that Lago Tacos currently occupies. The Planning Commission recommends against separating a structure on Water Street from its parking in the rear. This also orphans the building from any off-street access for food deliveries and trash removal. Businesses on Water Street need to provide parking onsite whenever possible in order for the city to have a healthy parking environment downtown. The parking plan for the proposed development must include the parking required for Lago Tacos.

- f) It is important to clarify that there is no “public parking” provided by this proposed development. All parking provided onsite will be private and available only to the site’s residents, occupants and customers.
- g) Currently, some parking for the Tonka Building is provided on the proposed development site in exchange for alley access through to Second Street. If this agreement is terminated, parking for the Tonka Building must be accommodated.
- h) Staff has estimated the required parking as follows.

Use	Parking Requirement (Zoning, Sec. 19-7)	Proposed Use	Parking Required by Ordinance	Parking Proposed by Applicant
Multifamily dwelling units	2.5 stalls/unit	40-43 apartment units	(100-108 stalls) 105 stalls (est.)	70 stalls in the parking garage for 40 units (1.75 stalls/unit)
Restaurant with liquor	1 stall per 3 seats OR 1 stall per 42 sf of gfa*	5,700 sf – new restaurant at Lake and Water	(133 stalls; however If use seating capacity it will be less) 67 stalls (est.)	Applicant is using retail parking requirement: 12.5 stalls
Retail	2.5 stalls per 1,000 sf of gfa	3,620 sf in Dock Cinema	9 stalls	4.5 stalls

Theater	1 stall per 10 seats of design capacity	1,748 sf – second level Dock Cinema	5 stalls (est.)	5 stalls
Lago Tacos	1 stall per 3 seats	Existing use	16 stalls (est.)	None
TOTAL			202 (est.)	92 stalls

NOTE: GFA is gross floor area

- i) The Planning Commission recommends the number of required parking spaces for the proposed development to be _____. Or, requests parking plan from applicant to show adequacy of the 92 proposed stalls onsite and number of public stalls they will rely on.

PUD Decision Criteria

Article 65 of the Excelsior Zoning Ordinance provides Decision Criteria by which a PUD application by must reviewed. *Sec. 65-2 Decision Criteria* states the city may approve or approve with modifications a planned unit development plan if the criteria are satisfied.

The Planning Commission had the following comments and recommendations regarding consistency with PUD criteria:

a. The PUD is consistent with Comprehensive Plan.

Recommendation: The proposed development meets some Comprehensive Plan goals for Commercial and Residential areas and for Downtown well and others less well

The mass and scale of the proposed project is not consistent with: *A Livable Small-town feel. Where the city embraces the size and scale of its downtown and neighborhoods while striving to preserve the higher quality of life, charm, smallness and friendliness that this place offers.* To be more consistent with the Comprehensive Plan, the height of the proposed development on Water Street should be reduced and the 3 and 4 story portions of the development should be confined to the rear and side of the parcel.

Regarding: “Ensure new residential development be of a character, size, density and quality architecture that respects the traditional neighborhood character and maintains the quality of life for existing and future residents.” Consistent with “quality architecture” as it is well

detailed and four-sided. It is not consistent with “traditional neighborhood character” as the Water Street side of the building is too tall. [The Lake Street side of the development works. Not discussed yet]

The proposed development is not consistent with “encourage the inclusion of affordable housing in new residential developments”. It is consistent with “Continue to support the development of multiple family housing in a dispersed pattern throughout the community as opposed to designation of specific areas, which would create large concentrations of such housing.” And with “Promote the economic importance, and support the provision of, a variety of housing types and choices (i.e., life cycle housing) within the community to meet the varied needs of residents of ages and socio-economic circumstances in all geographic areas of the city.”

b. The PUD accomplishes, by the uses of permitted flexibility and variation in design, a development superior to what would result if the property were developed under existing conventional zoning regulations.

Recommendation: The proposed project is superior to and provides greater public benefit than a one-story building with surface parking that can be developed under existing entitlements. However, mass and scale of the project relative to other buildings in the downtown historic district is too great in some areas. The project provides new pedestrian access from Water Street and the design is harmonious. The applicant has not discussed energy efficiency or low impact development techniques.

c. The PUD provides one or more public benefits such as free public parking, public spaces, preservation of public views or long-term affordable housing units.

Recommendation: As proposed, the development provides no free public parking, creates a modest public space in the proposed “porch”, preserves some public views of the port and lake and provides no long-term affordable housing units. Additional discussion of public benefits included:

The renovated theater is a compelling public benefit as long as it endures. The Planning Commission recommends that a covenant that runs with the land that ensures the theater remains operational and includes public programming into the future be required.

The proposed public porch is a good public benefit but needs to be designed so that it is clearly public; what signals are there to the general public that this area is for their use? The

majority of the outdoor area is private and available only to tenants of the proposed apartment building. Care should be given to ensure the size and utility of the porch area is not reduced during final design. Any expansion of the useable area for seating should be encouraged.

Other public benefits discussed were the ability to complete the water main loop on Lake Street, improved pedestrian access across Water and Lake Streets, improved pedestrian access from the Port to the City parking garage, ... ?

The Planning Commission was split on the adequacy of the public benefits given the extent of zoning flexibility requested by the applicant. Four Commissioners want more enduring benefits as part of the development itself. This view held that the public benefits proposed are not equivalent to the magnitude of the zoning flexibility requested and the impact this development will have at this intersection: Commissioners suggested the project needs more benefit that is specific to the project. Commissioners discussed whether public restrooms should be incorporated into the development (for example in the theater lobby or in the parking garage at the corner of Lake Street and the alley) and whether the project can incorporate affordable units as examples.

The Planning Commission discussed the difference between providing public benefit that is part of the proposed development that would result in the development itself to be superior to what would be developed with conventional zoning (with or without variances), and public benefit that is a one-time financial contribution to efforts that are directed and carried out by city staff, requiring city resources. The four commissioners who find that more public benefit is required would like to see the additional benefit as part of the proposed project.

d. The PUD results in no greater burden on present and projected public utilities and services than would result from development under existing conventional zoning and the development will be serviced by adequate public or private facilities including streets, fire protection and utilities.

Recommendation: The development will be adequately serviced by public and private services and utilities. A condition of any approval of the project must be that the Fire District and city engineer have reviewed and approved the plans.

e. Perimeter of the PUD is compatible with existing land use or property that abuts or is directly across the street from the property. Compatibility includes but is not limited to size, scale, mass, setbacks, building height and architectural design of proposed structures.

Recommendation: Architectural design reflects the commercial nature of Water Street and residential nature of Lake Street. Height should be kept to two stories on Water Street– discussed above. Height should be kept to _____ along Lake St. [To be discussed]

f. Landscaping within and along perimeter of PUD is superior to that required by the Code and enhances visual compatibility of the development with the surrounding neighborhood.

Recommendation: A more detailed landscape plan is required. The landscaping as presented is not superior to what is required by Code. Detailed plans for trees and other landscaping in the parking area, attention to winter landscape on Lake Street, and beautification plans for Water Street are needed.

g. At least one major circulation point is functionally connected to a public right-of-way and the number of required parking spaces are met or exceeded on the site.

Recommendation: there is one point of vehicular connection to the public right of way. Parking proposed on the site is not sufficient at this time – discussed above.

Planning Commissioners expressed concern about losing the through-access from Lake Street to Second Street in the “alley”. They recommend that this through-access be preserved so that traffic circulation on site, including trash and recycling pick up, restaurant deliveries, etc. flow smoothly. One access point for vehicles is not sufficient.

In the alley from Lake Street, along the building, there is an area marked “loading zone”. The developer has indicated that this will be a shared loading zone/ pedestrian access area. The Planning Commission finds that these are not compatible uses. There should be dedicated pedestrian access to the interior of this development, which is where the primary entrance for the residential units and the primary entrance for the new retail space at the rear of the Dock Cinema building are proposed to be located.

Given the natural flow in and around downtown Excelsior, especially in the spring, summer, and fall months, it is expected that pedestrians will continue to walk through the alley from Second Street to Lake Street and The Commons and Port. The proposed development should plan for this pedestrian circulation and provide pedestrian enhancements.

h. Open space, where provided to meet the requirements of this Code within the PUD is an integrated part of the project rather than an isolated element of the project.

Recommendation: The u-shaped design creates open space and there is public open space at the intersection of Water and Lake Streets.

i. The design is compatible with and responds to the existing or intended character, appearance, quality of development and physical characteristics of the subject property and immediate vicinity.

Recommendation: Needs more discussion

j. Roads, parking lots, street lamps, parking lot lighting, off-street loading areas, trash receptacles, landscaping, fencing, outdoor storage, signage and streets, within and contiguous to the site comply with city guidelines for construction and any applicable design standards or guidelines set forth by the design standards manual or preservation design manual.

Recommendation: Include a condition of approval that all city requirements for infrastructure are met.

k. Streets and sidewalks, existing and proposed, are suitable and adequate to carry anticipated traffic within the proposed project and in the vicinity of the proposed project.

Recommendation: Suitability and adequacy of streets and sidewalks must be approved by the city engineer.

l. Each phase of the proposed development contains the required parking spaces, open space, recreation space, landscaping and utility area necessary for creating and sustaining a desirable and stable environment.

Recommendation: Not applicable. Construction not proposed to be phased.

m. The project, if within the Downtown Historic District or a designated historic landmark, is reviewed, approved, and complies with all city historic requirements as defined by existing City Code.

Recommendation: Per Resolution No. 2025-04 of the City of Excelsior Heritage Preservation Commission ("HPC"), the HPC found that the project, as proposed, did not comply with all City historic requirements as defined by existing City Code. The HPC provided a series of recommendations to be considered when evaluating the project.

DRAFT