



Planning Commission Regular Meeting

Monday, July 14, 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 July 7th 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 14, 2025

Department/Office: Community Development

Item Name: 10 Water Street PUD Preliminary Plan Application - continued from July 7th PC meeting

Summary:

APPLICANT	Matt Mithun, Water & Lake LLC, 950 Wayzata Blvd, Ste. 104, Wayzata, MN 553914
PROPERTY OWNER	Same
LOCATION	10, 26, 28 Water Street
CASE NO.	PC No. 2025-04
60/120-DAY DEADLINE	May 31st, 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 continued the application to a Special Planning Commission meeting on July 7th. At that meeting you took action to recommend approval of the application with a series of required modifications and directed staff to draft a resolution documenting the decision. You continued the application to a Special Meeting on July 14th to review the resolution.

Before you tonight is the draft resolution documenting your recommendation on the 10 Water Street Preliminary Plan PUD application. The City Council will consider the application at their July 21st meeting.

Recommended Action:

It is recommended that you consider the draft resolution, PC Resolution 2025-24, attached, make any revisions, and approve it.

Budget:

Attachments:

1. PC Res 2025-04_10 Water St_PrelimPUD

**City of Excelsior
Planning Commission
PC Resolution No. 2025-04**

**A Resolution Providing Recommendations to the City Council on the PUD Preliminary Plan
Application for a Mixed-use Development and Renovation of the Tonka Theater Building at 10 Water
Street**

WHEREAS, Matt Mithun, Water & Lake LLC, 950 Wayzata Blvd., Ste. 104, Wayzata, MN 55391 (“Applicant”) has submitted a Planned Unit Development (PUD) Preliminary Plan application for a mixed-use development and renovation of the Tonka Theater Building at 10 Water Street; and

WHEREAS, the Planning Commission considered the application and its conformance with *Article 65, Planned Unit Development*, of the city’s zoning ordinance, at their regular meeting on June 23, 2025, and special meetings on July 7, and July 14, 2025; and

WHEREAS, the Planning Commission directed staff to prepare recommendations to the City Council based on the Commission’s review of the project.

NOW, THEREFORE, IT IS RESOLVED, that the Planning Commission provides recommendation to the City Council in the form of this resolution.

FINDINGS OF FACT

1. Matt Mithun, Water & Lake LLC, 950 Wayzata Blvd., Ste. 104, Wayzata, MN 55391 (“Applicant”) has submitted to the City of Excelsior (“City”) a PUD Preliminary Plan application.
2. The proposed development includes the parcels located at 10, 26, and 28 Water Street and a small interior parcel to the west of 28 Water St. The submitted application anticipates a lot split of 28 Water Street such that the existing building containing Lagos Tacos would be excluded from the application and the remaining portion of the lot is included.
3. The subject application includes the Revised PUD Narrative, dated June 10, 2025, and the plan set, dated April 1, 2025.

4. The applicant proposes a mixed-use development with 40-43 apartment units, 70 structured parking stalls, 24 surface parking stalls, a 5,700 sf restaurant space on Water Street and the renovation and partial demolition of the Dock Cinema building to include a second level theater space and replace existing theater space with 3,620 sf of retail space, including a theater lobby, on the main level.
5. The location of the proposed project is in the Downtown Commercial zoning district, the Excelsior Downtown Historic District, and in the National Register Excelsior Commercial District.
6. Pursuant to *Sec. 65-7(b)(6)* of the city's zoning ordinance, *the Planning Commission shall conduct the public hearing and shall, as appropriate, recommend approval, denial, or modification of the request. Such recommendation shall be accompanied by the report and recommendation of the city staff and shall be entered in and made part of the permanent written record provided to the city council.*
7. The Planning Commission has provided recommendations on the project's conformance with the PUD decision criteria as outlined in *Section 65-2* of the zoning ordinance.

RECOMMENDATIONS

I. The Planning Commission recommends approval of the PUD Preliminary Plan application with the following modifications as required conditions of approval:

1. **Building height on Water Street:** The maximum building height allowed in the Downtown Commercial district is 2 stories, not to exceed 28' (zoning ordinance, Sec. 50-3). The proposed height of the building on Water Street is 39'8" (measured from grade at Water Street). Six out of seven Planning Commissioners recommend as a required condition of approval that the height of the three-story portion of the building facing Water Street be reduced to two stories, or at a minimum, that the entire third story be set back similar to how it is set back on the northeastern end of the building (facing Water Street). The Commissioners believe that creating a two-story façade on Water Street is critical to maintaining and creating compatibility with the existing character of the downtown historic district. The Commission found that the difference between the permitted maximum height allowed in the Downtown Commercial district (2 stories not to exceed 28') and the height proposed for the new development on Water Street (39'8") is significant.

2. **Building height on Lake Street:** The proposed building height on Lake Street is 35'9" to the top of the three story portion of the building and 44'9" to the top of the fourth level, which is setback from Lake Street. Four out of seven Planning Commissioners recommend as a required condition of approval that the height of the three-story portion of the building at the corner of Lake Street and the alley be reduced to 35' and that the fourth story be set further back than currently presented so that there is no fourth level visible from the street or the lake at this corner. It is recommended that the fourth level be setback as far as the garage entrance. The alley slopes down from the interior of the parcel to Lake Street. The Commissioners found that if the upper level is setback to the garage entrance, the building would more closely present as three stories on the alley side. The corner of the alley and Lake Street is the point of lowest elevation on the subject parcel, and allowing 35' in height would be consistent with the maximum height that the city allows (in the Mixed Use and General Commercial districts). The Commission supports allowing this greater flexibility on the Lake Street side of the building as it has less impact on the downtown historic district, and is adjacent to the multifamily building at 322 Lake Street, which has a similar height.
3. **Parking requirements:** Flexibility in the amount of parking provided may be requested by the applicant and may be granted by the City as part of a PUD application. The preliminary plan shows a significant deficit in the parking required to be provided onsite for the contemplated uses. The Commissioners found that the parking available onsite may not be enough for the development to be successful, and that proposed reliance on the public parking system could potentially overburden it. The Planning Commission recommends as a required condition of approval that:
 - a. The developer must provide a detailed parking plan that illustrates how the project will provide the required parking and account for all residential units, commercial space, restaurant space, and theater space. (Parking requirements are detailed in *Sec. 19* of the city zoning ordinance.) To date, staff review shows a deficit of approximately 100 stalls.
 - b. The proposed parking ratio for the residential portion of the project, at 1.75 stalls per dwelling unit (as opposed to 2.5 stalls per unit required by City code), and the location of these stalls in the structured parking garage, is sufficient.
 - c. The applicant must apply the restaurant parking standard for the anticipated restaurant use at the corner of Water and Lake in the parking calculations; it is not appropriate to apply the retail parking requirement standard for this space as it has been highlighted in the application as contributing new restaurant space downtown.

- d. The city and applicant shall enter into a long-term agreement to address the parking deficit through an annual payment to the city commensurate with the anticipated use of public parking stalls that will support the operation and maintenance of the public parking system. Alternatively, if feasible, the applicant shall provide an additional level of structured parking to eliminate the parking deficit.
 - e. The required parking for the proposed development must include the parking required for the occupant of the building at 28 Water Street (currently Lago Tacos), as this parcel is proposed to be part of the final development and the current plans propose to incorporate into the new development the 17 existing parking stalls required for use by the existing business.
 - f. The applicant's proposal to divide the parcel at 28 Water Street, which would separate the existing building from its parking, in order to incorporate the parking area into the proposed mixed-use project is not recommended. Businesses on Water Street need to provide parking onsite whenever possible in to maintain a robust parking environment downtown.
4. **Theater renovation as public benefit:** The applicant has offered the renovation of the Dock Cinema building and the re-opening of the space for movies, events, and community-based purposes as a primary public benefit of this project. (Public benefits are discussed comprehensively below.) The Planning Commission recommends as a required condition of approval that if the future theater space is a public benefit that satisfies the PUD approval criteria, then a restrictive covenant shall be created, that will run with the land, that assures the City of the continued use as a theatre and multipurpose community space into the foreseeable future.

II. Additionally, the Planning Commission recommends that the proposed project satisfies the criteria ("a – m" below) for PUD approval pursuant to *Sec. 65-2* of the PUD zoning ordinance and recommends the following conditions of approval:

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.

Goal 1: *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 story portions of the development should be confined to the Lake Street side and the interior of the parcel. (See recommended required condition above.)

Goal 2: "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. (See recommended required condition above.)

Goals 3-5: Regarding residential goals, the proposed development 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." It is not consistent with "Encourage the inclusion of affordable housing in new residential developments".

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 requested zoning flexibility and variation in design has resulted in a project superior to what could be developed under conventional zoning standards. However, mass and scale of the project relative to other buildings in the downtown historic district is too great in some areas, and height should be reduced as recommended above. The project provides new pedestrian access from Water Street to the apartment building entrance, new retail, and private parking at the interior of the parcel, preserves views of the lake, and the design is harmonious. The applicant should provide additional information about energy efficiency in building or site design and low impact development techniques as called for in the ordinance.

The applicant requests flexibility from unit size minimum, per *Sec. 41-7(b)* of the zoning ordinance in order to incorporate smaller units in the development. The Planning Commission recommends approval of the smaller units. While some of the units are smaller than the requirement, the average size of the 1-bedroom units is in excess of the 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.

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.

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.

Public benefits proposed onsite as part of the project:

The renovated theater and future use is a compelling public benefit as long as it endures. (See recommended required condition above.)

The proposed pocket park identified as “public porch” is a significant public benefit but must be designed so that it is clearly public and encourages use by the public as the majority of the outdoor space in this development is private. The porch must be a minimum of 1,815 sf as presented, and an expansion of the area designed for seating should be encouraged.

Public benefits proposed offsite are financial contributions to city projects:

The Planning Commission recommends that the \$500,000 contribution proposed by the applicant to city projects including to the completion of the water main loop on Lake Street, to enhancements to downtown (for 5 years) such as installation of public restrooms or beautification projects such as hanging baskets, Christmas lights, trees, and to a redesigned pedestrian crossing at the Lake and Water intersection is significant.

Recommendation: If the required conditions of approval, described above, are met by the applicant, the Planning Commission recommends that the proposed public benefits are satisfactory and commensurate with the zoning flexibility requested by the applicant. The Commission also recommends that two additional public benefits be considered: 1) incorporate public restrooms

into the project, for example at the corner of Lake Street and the alley, or in the Cinema lobby; and
2) public pedestrian access through the property from Lake Street to Second Street be accommodated.

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 and 35' on Lake Street - discussed above.

The applicant requests flexibility in the setbacks required for parking areas, per *Sec. 19-4(h)(1)* of the zoning ordinance. The Planning Commission recommends that the Council approve the proposed setbacks. 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. The Commission recommends providing flexibility as long as safety is considered is recommended.

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 condition of approval is the submittal of a more detailed landscape plan. 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 required.

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. There was concern that only one access point for vehicles in a development this large 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 as proposed 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: The Planning Commission recommends as a condition of approval that the recommendations of the Heritage Preservation Commission as detailed in *HPC Resolution 2025-04* be incorporated into the proposed development so that this PUD approval criteria is satisfied.

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: The Planning Commission recommends as a condition of approval that City requirements for infrastructure are satisfied.

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: The Planning Commission recommends as a condition of approval that the 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 as construction is 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 *HPC Resolution No. 2025-04* of the City of Excelsior Heritage Preservation Commission (HPC), the HPC found that the project, as proposed, does 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. The Planning Commission recommends as a condition of approval that the recommendations contained in the HPC resolution be incorporated as requirements to satisfy both this section *m.* as well as section *i.* above.

Adopted by the Planning Commission of the City of Excelsior, Minnesota, on this 14th day of July 2025.

PLANNING COMMISSION

Bill Muenzberg, Chair

