
MINUTES

PLANNING COMMISSION SPECIAL MEETING

Monday, June 28, 2010
7:00 p.m.

1. Call to Order

Chair Gephart called the meeting to order at 7:00 p.m.

2. Roll Call

Commissioners Present: Jensen, Gaylord, Putnam, Busch, Craig, and Chair Gephart

Commissioners Absent: Wallace

Also Present: City Planner Richards, City Planner Fuchs, City Attorney Staunton, City Engineer Kawlewski, and City Clerk Johnson

3. Agenda Approval

Commissioner Putnam moved, Commissioner Busch seconded, to approve the agenda as presented. Motion carried 6/0.

4. Public Hearing - Variance, Site Plan Review, and Design Standards Review for New Building at 10 Water Street, P.I.D #34-117-23-11-0059 - Thomas F. James Properties

Chair Gephart outlined the order of business. He noted that the City Planner will give his report first. The Architect for the project will then give his presentation and the City Engineer will give his report last. He will then open the public hearing to take public comments. Following the public comments the Planning Commission will begin their review of the project.

City Planner Richards stated that Neil Weber, representing Thomas James Properties LLC, has made application for a site plan review, Design Standards review, and a building height variance to construct a 58-unit hotel with a restaurant, a ballroom on the roof level, a retail space on Water Street and underground as well as surface parking at 10 Water Street. The property is zoned B-1 Central Business District in which hotels is a permitted use.

The Heritage Preservation Commission (HPC) considered the application for a site alteration permit at their meeting on June 22, 2010. The Commission reviewed the plans and building materials with the Project Architect, but continued consideration to their next meeting. They asked the Architect to provide additional details and material samples for their review.

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Richards stated that the James family has owned this property for more than 30 years. In May of 2010, the building on the site was deemed hazardous and was demolished.

The 2008 Comprehensive Plan Land Use Map designates this property for commercial use. The plan identifies this as a potential area for redevelopment. Additionally, the Plan includes a strategy that reads: *Continue to maintain and enhance the facilities and operations at the Port of Excelsior and provide design and physical connections between the lake and the Downtown through the Port.* The Hotel Project could be seen as an important linkage between Lake Minnetonka, the Port, and the Downtown and will be seen as a prominent feature of the gateway into Excelsior from the lake and the Port.

The property is zoned B-1, Central Business District. Retail and restaurant uses are permitted on the street level of Water Street and hotels are permitted other than on the street level of Water Street and all other areas of the B-1 District. The proposed retail and restaurant use that front on Water Street and the hotel use that fronts on Lake Street are consistent with the permitted uses of the B-1 District.

The B-1 District does not require lot setbacks. The only portion of the building to be constructed on the property line is the lobby and the garage entrances of the hotel on Lake Street. All of the Water Street facade is pulled off of the property line with setbacks varying from two to six feet. At the corner of Water and Lake, the building is 28 feet from Water Street and 20 feet from Lake Street.

Parking setback requirements in the commercial districts require a five-foot setback from property lines for interior side and rear yards. A five-foot setback is provided on the property line adjacent to the apartment building and a two-foot setback is provided along the shared property line with the theater.

Access to the underground parking garage and the surface parking will be from Lake Street. The outer two entrances provide access to the underground area and the inner entrances to the surface area. All entrances and exits will need to be appropriately signed for ease of access to the building. The applicant will need to provide a detailed signing plan as a part of the approval process.

An easement exists through the property to provide access for the adjacent property owners to Lake Street. The easement has been addressed by the design of the surface parking area and allows access to the area behind the theater. The right of access from Second Street to Water Street for the property owners in this area has been preserved with the hotel layout.

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Richards said that 100% percent impervious surface coverage is allowed in the B-1 District. The building and parking will cover 96.4 percent of the site. A green roof area of 1,500 square feet has been included on the roof level adjacent to outdoor deck area.

The City of Excelsior considers the height of a building to be measured from the point on a building where it emerges from the ground to the top of a cornice of a flat roof. The lowest point is on the parking garage entrance ramp where it meets the building facade. The highest point is the flat portion of the roof. The corner cupola element is exempt from building height requirements as per Section 17-4(5) of the Zoning Ordinance. That section exempts cupolas and towers which do not contain useable space. The cupola will not contain useable space, is not to be occupied and is separated from the rest of the structure by 1.5 hour construction materials. The Zoning Ordinance and Building Code definitions exempt this structural element from the City building height requirements.

Based on the diagrams provided in the attachments, the building height will be 55.83 feet. That height is achieved at the northwest corner of the building on Lake Street at the lower parking level entrance. From the Lake Street elevation, the facade height is 36 feet 6 inches or slightly over the maximum height requirement of 35 feet. The cupola will be 57 feet from the first floor elevation or 71.33 feet from where the building emerges at the parking entrance.

Richards said that a variance from the building height requirement is being requested. The Project Architect has provided narrative to address the three criteria outlined in Section 6-3.A of the Zoning Ordinance.

In the narrative, the Project Architect has made the point that the design of the hotel building is enhanced through the use of setbacks and building step backs that will have the effect of reducing the appearance of mass and scale when viewed from Water or Lake Streets and likely from other areas in the downtown as well as Lake Minnetonka. The diagrams indicate that the same building volume could be constructed to the property lines, but the result would not be as desirable.

The Project Architect has stated that a building of this stature and quality will restore the historic atmosphere that once existed. The economic benefits of a hotel, its associated restaurant, and meeting space in the Downtown could be significant; the retail, restaurant, and service businesses of the Downtown will all benefit from this proposal.

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Richards said that as a result of the setbacks and stepped back design, a variance request is required to allow for the five hotel rooms, ballroom, and associated outdoor areas on the roof level. It is obvious why the ballroom and the outdoor areas are located here as opposed to a lower level.

Richards said that in granting the height variance for the Wyer-Pearce development, the preservation of the historic house was an overriding reason given in the findings-of-fact for supporting the variance request. There is no question that the buildings could have been built with fewer condominiums and one story less so a variance was not needed from the height requirement. The City saw the preservation of the house, in its original location, as critically important to the community and was willing to give a variance to the condominium development that surrounds it to make the entire project economically viable. The variance was also justified by the need for underground parking and the fact that the entrance to the parking was the lowest point of the building, just as it is for the Hotel Project.

The site has been designed with 112 parking spaces, 38 surface spaces and 74 in the lower level parking garage, which will provide adequate parking on site for the hotel, ballroom, and retail space. The design of the underground parking level is one way; all of the parking stalls and drive aisles meet the requirements for a one-way parking level. There is four disability accessible parking stalls in the underground parking level and two on the surface level. The stalls on the surface level are adequately sized, but the five-foot setback for parking lots has not been maintained.

Deliveries to the hotel, restaurant, and retail space can be made from the surface parking area or the underground garage area. The landscaping consists of annuals in freestanding planters or in planting areas. The site plan shows areas along Water and Lake Streets, as well as the five-foot setback areas of the surface parking lots that would need to be landscaped with large planting beds. Staff questions whether these planting areas should be all annuals or intermixed with perennial plantings.

The plans indicate the location of a number of wall and pole mounted fixtures on the building and railings. Although the detail plans show a conceptual diagram of the fixture, the Project Architect has indicated that the fixtures will be custom made for the project. The plans indicate use of a low density, bollard style fixtures within the surface parking area.

The plans include wall signage for the restaurant on the Water Street facade and for the Hotel on the Lake Street facade. The signs are small for the size of the

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building, with 20 square feet for the restaurant and 30 square feet for the Hotel sign. Once the restaurant and retail tenants have been identified, more definitive plans will be made available for review and subject to approval by the HPC and City Council.

The trash and recycling storage area will be in the underground garage area. The mechanical equipment will be located on the roof and parking level and fully screened from view. Snow removal from the surface parking area will be done by a contractor and will be collected and removed from the site.

During conceptual review, questions were asked about the potential re-use of the building for condominiums. The Project Architect has addressed that issue in the Project narrative. The materials submitted by the applicant also indicate potential redevelopment of properties that surround the Hotel Project. These plans are not part of the application for the Hotel and should not be considered by the Planning Commission and City Council. The applicant does not have control of these properties and has included them only to show the interrelation of the Hotel with redevelopment of the block. The exercise also shows that a redevelopment could be done that provides all of the parking spaces required.

The property at 10 Water Street is a non-contributing site within the Excelsior Downtown Historic District. The HPC met on June 22, 2010 and discussed the request for the Site Alteration Permit. They continued a final decision on the Permit to their July 20, 2010 meeting. The HPC was interested in the Planning Commission's opinion with regard to the mass and scale and the cupola feature. The HPC asked the Project Architect to provide clarification on the following items: the appearance of the brick, mortar, and detailing of the building; clarification on the copper color for the cupola; more information on the field stone walls; and consideration on widening the sidewalk along Lake Street.

Kevin Kawlewski, City Engineer, stated that the site is currently served with an 8-inch water pipe and a 1 ½ inch service from the Water Street side of the property. The plan calls for the installation of a separate 6-inch fire suppression line and a 4-inch domestic water service. The developer will need to disconnect and abandon the service lines in place or remove them. Water demand information will also need to be provided to verify that the proposed domestic service line will provide adequate flow for the Hotel.

The Hotel will be serviced with an 8-inch sanitary service line connected to the mainline under Water Street.

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Kawlewski said that the City owns and maintains a storm sewer line through the property that will need to be relocated with the project. The plans show the proposed relocation of the City's storm sewer inside the underground parking garage adjacent to the west foundation wall. This is not recommended since it could limit the City's ability to perform maintenance of the pipe and it raises the potential for public storm water to flood private property. The storm sewer should be relocated outside the building's foundation.

The proposed plan does provide the necessary rate control for the site, but it does not address storm water treatment. The City's storm water plan along with preliminary discussions with the Minnehaha Creek Watershed District (MCWD) requires treatment to NURP standards be provided.

All work in the City's right-of-way will need to be permitted and coordinated through Public Works, and street reconstruction and restoration will need to match the existing pavement section.

Chuck Rickhart, Traffic Engineer, WSB & Associates, Inc., stated that the applicant provided a traffic study. He noted that with the intersection being at an angle it is unclear throughout the document what is considered north/south or east/west. In tables 1 and 3 there is an indication of the maximum queue length for the westbound approach, but it is unclear if that is on Lake Street or Water Street. The Study indicates the trip distribution based on existing travel levels, but it doesn't identify how much traffic actually went through the Lake and Water Street intersection.

The 2012 build conditions indicated that no issues would exist at the Lake and Water Street intersection. There was no data with regard to the left turn from Lake Street into the site driveway, which will need to be provided. He noted that the "Site Access Review" section should also be expanded to include data to document what the anticipated queue lengths actually are in relationship to the driveways including the site driveway.

Neil Weber, Project Architect, representing Thomas F. James Properties, said that the site is .78 acres. The plans show the runoff from the site has been reduced. Storm water regulations do not require that they do site control, just maintain best management practices. The City has an easement on this property and adjoining properties for storm water management. City staff and he have met with the MCWD to discuss doing a joint quality treatment facility to handle the runoff for all of the properties that are serviced from this storm water line.

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Weber said that he has suggested to the City that it capture the tax increment financing (TIF) from this project, which could be used for the joint quality treatment facility. He noted that the Hotel Project does not need or wish to receive any of the TIF proceeds.

Weber showed historic drawings of what downtown Excelsior looked like in 1928. He showed images of past hotels from the 1800's. He noted that some of the features on the Hotel have been taken from features shown in these pictures.

The site is 34,079 square feet or .782 acres. The footprint for the proposed new building is 10,444 square feet and covers 30.6% of the site. The previous building was 8,500 square feet and covered 24.9% of the site. All of the parking is placed behind the building and underground. The roof mechanicals are on the third level and will be surrounded by the fourth level so it will be screened.

The property is unique in that it has two frontages. The Water Street frontage calls for a continuation of what currently exists. The first floor elevation is 944 feet, which is what the elevation was of the previous building. The site drops off a total of 5 feet from Water Street to the end of the building on Lake Street. There will be an outdoor seating area along the Lake Street side. In designing the building, they've worked to maintain as much view of the lake as possible.

Weber showed the site plan of the underground parking area. He said that the entrances into the underground parking area meet the height requirement for the fire department. There are two elevators and a stairway within parking area. The card key function within the elevators will prevent non-hotel guests from accessing hotel floors.

The Hotel will have 58 rooms and 13 different unit types. The idea was to create unique rooms to attract different people to the boutique hotel. The rooms will be approximately 14-foot on center versus 12-foot on center, which is the typical standard for most hotel rooms. The only rooms that won't have a view of the lake are along the back overlooking the parking area. He noted that the Hotel will not have a pool.

There is a pedestrian access along the side of the first floor of the building adjacent to the theater. He's noticed that there is already a pathway along the vacant lot next to the building, so it might make sense to place a sidewalk or pedestrian access along that wall. He showed where the drop off/check in area for the Hotel would be located. He noted that the lobby will be open to the restaurant. The restaurant is conceptual at this point. They won't know the floor plan until a decision is made on whom the restaurant owner/operator will be.

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The second floor is setback. There are hotel rooms and a spa on this level. The third level is stepped back again. The third floor will have hotel rooms and storage.

The roof level is an important level in that it provides a lot of amenities. There will be two outside seating areas and an area with a green roof. The ballroom will have the capacity to handle up to 127 people. There will also be meeting rooms and a catering kitchen. There will be three, one bedroom units (suites) and two other rooms. It is designed to handle a smaller wedding and provide rooms for them to stay.

Weber explained some of the changes that have been made since the conceptual design that the Planning Commission reviewed earlier. The base will be fieldstone, which is continuation of the fieldstone that was used at the Port. The corner element is important. The height of the building is 47.6 feet from the first floor to the top of the building, and it's 55.83 from the top of the building to where it emerges from the ground at the underground parking entrance on Lake Street. He noted that there are four entrances into the building at the first floor level.

Comparisons of the concept design to the current design were shown from different street angles. Areas have been opened up and decorative elements added. All rooms will have French doors with transoms and side lights. The height has been lowered approximately 3 feet from concept to the current design. He explained some of the elements that had been added to break up the mass of the building. The goal was to add character and quality to the building without the details getting too busy. Some of the materials that would be used are stone, brick, and wood or wood looking material. The lighting will be custom designed with LED lights.

Weber said the Planning Commission had asked during the review of the concept plan what would happen to the block if it was redeveloped. He showed some illustrations that he had put together for the Planning Commission to see. He noted that it would be possible to redevelop that entire block and handle all of the parking on site.

The corner of the building has been setback and the sidewalk widened. The goal was to push the building back as far as possible to keep a view to the lake. The HPC had asked if it would be possible to widen the sidewalk along the Lake Street side. He said they have a bump out at the corner to protect the parking along Water and Lake Streets. In looking at this further, he said they can pull

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back the building some along Lake Street to accommodate a 11-foot sidewalk on Lake Street closer to Water Street and it would narrow down to 9-foot as it extends down Lake Street.

The first and second floors of the building is setback 19-feet from the corner. The third floor is setback 9 feet and the fourth floor is setback another 10 feet. By setting back the floors, the view angle of the building appears less massive. If the building was designed using the current ordinance standards, which is directly up to the property line, the building would appear much larger than what is being proposed.

Weber said items that have been taken into consideration in designing the building include the variation of the building both vertically and horizontally, leaving the corner open as much as possible to maintain the view, setting back floors to reduce the apparent massing, screening the parking from street elevations, keeping the building presence on Water Street, and reducing the impact on the Lake Street frontage. The configuration of the site with these design considerations creates the need for the additional height. If volume is taken into consideration and factored into the calculations, what is being carved out by setting back the building is 169% of what they are asking for the variance.

Another question that was raised during the concept plan meetings was what kind of reuse would the building have if the Hotel was unsuccessful. He showed pictures of how the hotel rooms could be divided up and turned into condos should that happen. The building would have 21 condo units. He noted that if the building was converted to condos, the use would be less intense and would need less parking than what is currently proposed for the Hotel.

A range of colors has been chosen for the bricks. They would prefer not to decide on an exact color for the brick at this time. Modular sized brick will be used. Other materials that will be used included fieldstone, cast stone, and copper. He provided some details on the pergola, windows, transoms, railings, and lighting. Pictures of other buildings downtown were shown. Weber explained certain details from the buildings that they hoped to incorporate into this building. He noted that the green roof would have plants that grow to be only 8 to 10 inches in height to help control stormwater runoff.

The lighting in the back of the building in the parking court will be bollard lighting. Specific locations will be determined upon final selection of the fixture type. All plantings within the site will be in planters because of the hardcover. The plants will be maintained and rotated for the season.

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Chair Gephart opened the public hearing at 8:25 p.m.

Brian Kirkvold, 44 Center Street, said he supports the project.

Charlie Thomson, 217 First Street, said he was very impressed with the presentation. He noted that this is a very attractive project. The only thing he wanted to point out is that if the City approves a height variance it may be changing a precedent.

Peter Hartwick, 186 George Street, said he wanted to know if the discussions on this project would continue after this evening. Chair Gephart said he was not sure; it would depend on what transpires. Richards said that discussions would be ongoing. He noted that the City Council has typically been open to taking comments when projects have come before them.

Hartwick said that he is in favor of the theory but not necessarily in the size of the building. The main issue he has is the height, but also has some concerns with regard to the size.

Hearing no further comments, Chair Gephart closed the public portion of the meeting.

Putnam said on page 4 of the narrative it shows a floor area ratio and asked what it meant. Weber said that the City's ordinance does not address floor area ratios, but most downtown ordinances do. It is typically a 1 to 2 floor area ratio, so if a site is 10,000 square feet a 20,000 square foot building can be built. The building that is being proposed is at 1.27 floor area ratio, which is an indication that the site is underdeveloped. Relative to the size of the site and design parameters, the impact of the building has been reduced as much as possible. They've also been able to achieve all of their parking on site. Richards said that Excelsior's ordinance does not factor in floor ratios. The Planning Commission has talked about floor ratios in the discussions on residential design standards.

Gephart said there are a number of slides in the PowerPoint presentation that discuss what might happen on neighboring sites if they redevelop. The Planning Commission needs to keep in mind that the applicant does not have control over these properties. The same thing goes with regard to the applicant's volume calculations. Excelsior doesn't use volume, but the City does have height restrictions. He has a number of questions on the information that was submitted.

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Gephart said one thing he has questions on is the parking garage. If someone pulls into the parking garage to the lower level and comes back out because the lot is full, is it possible to get to the surface parking. It looks like they would need to make a “u” turn to get to the surface parking. Rickhart, WSB Traffic Engineer, agreed this needed to be addressed; a truck would not be able to make the turn, but a car probably could depending on how wide the lanes are.

Gaylord asked if there was consideration to only a right-hand turn from the bottom. Rickhart said access to the theater came up during the presentation. He said that the connection to the theater was not included in the traffic calculations. Information on how much interaction there would be need to be factored into the traffic counts, and they need to look at whether turns in and out of the site should be restricted.

Gaylord said that in the presentation bumping out the corner was discussed. There are currently not any bump outs on the Port side. Who would pay for the bump outs? Rickhart said that the Council would need to decide who would pay for that. Richards said that if the City Council decides to utilize TIF, the bump outs would be an eligible TIF expense.

Gephart asked if the bump outs would affect the traffic flow. Rickhart said that it is a traffic calming measure and it would be a good addition in that respect.

Jensen asked if the bump outs would be helpful with regard to pedestrian traffic. Rickhart said it would definitely help with pedestrians.

Gephart said he had another question with regard to the narrative on page 14, Section 17. The last sentence mentions a dedicated dock for the Hotel. Weber said that they are not demanding a dock, but it’s something they would like to discuss.

Gaylord asked what the dock would be used for. Weber said the dock would give people an opportunity to go out on the lake and may be something that they will discuss with the commercial tour boats. It is not relative to the project and it is not a condition of approval. This could provide a form of recreation for their guests.

Gaylord said that this is such an important project, he asked why Mr. James was not there. Weber said he was not able to make tonight’s meeting.

Gaylord said one of the ways that a variance is judged is by reasonable use. He asked if the property could be used for something other than a hotel. Why not

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put the property to use for something other than the hotel? Weber said the Hotel provides a better amenity to the City. The hotel use would contribute to downtown Excelsior and it will benefit all downtown businesses and restaurants. They see that as a big plus for the commercial vitality of the downtown.

Craig said she has an issue with the fourth floor and the cupola. Could the number of rooms be reduced and the fourth floor and cupola eliminated? Weber said that most of the smaller boutique hotels are buildings that have been rehabilitated. He said the fourth floor is extremely important not only for the rooms, but it provides an element that doesn't currently exist in the City.

Jensen said it is a beautiful building, but it is large and it certainly will take up a lot of space on that corner. He is much more in favor of a hotel than offices or condominiums. The Hotel would probably serve the City better. Being able to accommodate small weddings and rooms on site could be the new amenity for the City and its probably something that Excelsior could call its own. Weber said the space was designed so it would not compete with the other business in the City. The building was developed to accommodate small groups.

Jensen said in talking about the size and scale, he knows it's expensive, but has there been any discussion about building a model to show the mass and scale? Weber said that he thought the pictures showed the content better than a model would. You don't get a true picture with a model; photos give a much better view. The model wouldn't be as informative.

Putnam said she agrees with Jensen. This would be the first hotel in the area after not having any hotels for years. Weber said the closest hotels are in Chanhassen, Waconia, and Long Lake; there is nothing directly on or across from the lake. Development in this area has been significant in the last few years. The rooms in this hotel will probably be about 10% to 15% higher in price than in Chanhassen, but being in Excelsior it works.

Gephart said that it was mentioned that a market study was done for this site. He would like to have a copy of the market study for the Planning Commission to review. He said there are advantages of having the building as a hotel around public and common space. If the Hotel would not succeed, he would question whether the owners of the condominiums would be as receptive of having the common spaces in the building. If the Hotel didn't make it, the City would have a huge building that does not fit in. Weber said that he couldn't provide the entire study, but he could provide an executive summary.

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Gephart said he would also like to see the market study on the reuse as condos. Weber said they received a verbal report, but do not have a printed study. Gephart asked to have something provided with regard to this. Weber said that the market for hotel rooms has gone up about 18% between last March and this March. That is a critical aspect. With a hotel, the question is what happens from Thursday night to Sunday night.

Busch asked what the price range would be for the rooms. Weber said it is too soon to say. The Holiday Inn Express on Highway 5 is about \$100 per room and they have an occupancy rate of about 65% to 70%.

Busch said on the low end of rates being 10% to 15% more than the Holiday Inn Express seems low for a boutique hotel. Weber said there is a fine line with regard to the number of rooms. In Long Lake they built a hotel with 43 rooms that doesn't make money. It would be better if they could get 75 to 80 rooms. The employees and the amount of work it takes to keep the building going are not much more for 75 to 80 rooms than it is for 58 rooms.

Busch said that goes to Craig's point as to why you wouldn't take off the 4th floor.

Busch said she loves what they've done with regard to the community interaction. This could be an amazing enhancement for the quality of life for Excelsior. She was trying to figure the rationale for 58 rooms and understands now that it couldn't be much less than that. Weber said the number of rooms is not the basis for the variance.

Gephart said the mass and scale is the biggest sticking point for him. There has been a lot of talk about setting back the floors of the building. He saw a building in Wayzata that was set back and it appeared just as high to him as a 4-story building. He is very concerned with having a building that size. He's also concerned that if the City allows a building of that height it may be opening the door for more development of this size. The proposed building is the biggest building in the central core business area. The only height variance he can remember since he's been on the Planning Commission was for the Wyer Hill Project, which had a 5-foot variance for height; this would be a 20-foot height variance. Neither of the two new buildings in the Wyer Hill Project is higher than the main historic house. This building will dwarf the theater next to it and it is a full story higher than the apartment building next door.

Weber said he has tried to provide reasons unique to this property for granting the variance. Gephart said what is the hardship? Is a case made that the building will not alter the character of the downtown? Weber said the proposed

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building complies with the City's design standards. The basic premise is that the design is better than if they had followed the City's ordinance. Gephart said what if someone else comes in and says they can build a bad building to meet the ordinances, but if the City grants them a variance they can build a nice looking building.

Busch said on page 4 of the narrative it talks about the proposed plan meeting the City's Comprehensive Plan and Downtown Visioning. This could be the center of interest in the City because it has the most important spot in the City. She agrees that they need to discuss the cupola with regard to the mass and scale. It could become the focal point for the City; the City currently does not have a real focal point. She sees this as the keystone development and in a separate category by itself.

Craig said if you look at the width it is about a third of the theater. It seems quite massive and is a concern for her.

Gaylord said if you try to squeeze everything in from a design aspect, you'd have a very vertical wall. The Hotel won't work in three levels and there wouldn't be a ballroom or five hotel suites. Weber said that a lot of cities in situations like this have gone to planned unit developments (PUD's) and taken the variance out of the discussion. Under this scenario, there needs to be very specific reasons why a variance is needed. The floor area ratio is low and all of the parking is managed on site. The setbacks are critical.

Gephart said they are trying to squeeze this project into a small space. The design needs to go up because it can't go outward or parking is lost.

Busch said the height is an important aspect. Gaylord said the height is needed to accommodate the fourth floor; everything will not fit in three floors. It really comes down to finances and the Hotel is not financially viable in three floors.

Gaylord said the property can be used for retail or office space without any variances. There are other options. The issue is the hardship. This project fails the reasonable use test for granting a variance because the property can be put to use without a variance.

Putnam said that reasons could be articulated for granting the variance. Gephart said it's the applicant's job to provide the reasons. This is a subjective idea and you're looking at ways to provide the variance.

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Weber said this is an improvement use. He has incorporated a number of design elements that the City has identified, which when applied creates a hardship.

Gephart said this is a keystone development and it should fit within the zoning ordinance and meet the design standards. Otherwise, why not build an 80-room hotel? Busch said because that is not a reasonable request. Weber said they are trying to be reasonable and benefit them and the City; it is a fair trade off for these things. He understands there need to be specific reasons for granting a variance. He believes the Downtown Visioning Plan talked about this site being one site and being particularly susceptible to a height variance.

Richards said looking at the Wyer Hill Project is valid. Those buildings could have been built to the height requirement and there could have been fewer condominiums. The goal was to protect the historic house. In this case, you could make the point that in support of the design a variance could be considered in this particular project. One of the findings for granting a height variance for the Wyer Hill Project was to make the project financially viable.

Craig said there is a hardship with the elevations of the site because it changes from Water Street to Lake Street. This makes the variance from the Water Street elevation more comparable to past height variances granted.

Gaylord said you could choose the path of putting a hotel on the property, but that's a choice because a different structure could easily be placed there. The hardships presented in the argument are rational and of value. The real issue is whether the property can be put to a reasonable use without a hotel. It is a subjective decision by the City. Most people he's talked to think it is a valuable approach. Weber said you could apply that to any application that comes in; they believe a hotel use is valuable to the community and the City has someone who has owned the property for 35 years willing to take that risk. Sometimes a community needs to decide if this is important to them. Every time you look at a variance request you need to ask these same questions. The height is really only measured at the one end based on the City's definition. To say that it's a 55-foot building isn't really a true statement. The design elements make the building appear smaller, but it doesn't decrease the size.

Putnam said most people she's talked to would like to see a hotel in the City, to have meeting rooms, to have the parking behind the building, and have the site corridor. The developer could have proposed to build a horrible rectangular building. We first need to answer the question of whether we want a hotel. We can talk about what it could have been. We can't talk about the development

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next door because that might not happen, just like we can't talk about what might happen across the street.

Craig said the reasonable use test for a variance does not mean you have to turn down a proposal just because it can be put to another use. The question that should be answered is whether the hotel is a reasonable use for the property.

Jensen said this would be a special development for that area of downtown. There are a couple of other areas in the downtown where a building could be tiered. Should this be looked at in a special way? I don't think it should be ruled out just because it doesn't meet the City's 35-foot height requirement. Maybe they do need to look at this in a different way. There has been a lot of thought put into this and it looks like it will be a top quality building with top quality materials. It doesn't make sense to make the building so it's not financially viable and then have an empty building.

Busch asked Richards to read the finding-of-fact for granting the variance for the Wyer Hill Project that he read earlier pertaining to the project being financially viable. Richards read findings-of-fact #2 from the resolution and a finding stating that the variance was reasonable because it was similar to the Gables Project variance with regard to the underground parking.

Gephart said the main driving force with the Wyer Hill Project was the preservation of the historic home. The Commission really needs to look forward and think about where this is going to take the City.

Richards read another conclusion from the Wyer Hill resolution. Putnam said the reason for building the case for Wyer Hill was to protect the historic house. We should look at findings for granting the variance for the Hotel. Richards said it would not just be the hotel, but to achieve the setback preservation of the views. That is a valid reason.

Gaylord said that the photographic enhancements were very helpful, but he didn't see a view directly from the lake. There is a significant difference going from an empty lot to the proposed building. He believes it will look similar to Wayzata, which is not necessarily attractive in his view. If you allow a building of this scale, that view from the lake will be there for the next 100 years. Is that the view we want to give the residents of Excelsior for the next 100 years? Putnam said the feedback she's getting is that the community wants the hotel.

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Gephart said we've discussed two of the three criteria for granting a variance. This is very valuable real estate and the property owner has decided to build a hotel on it.

Craig said the slope of the lot would be one aspect. Gephart said without the slope, the building is still 12 feet over the height requirement.

Craig said the view from the lake is an important point. Gaylord said the view from the lake has been overlooked. Richards asked Commissioner if they would like the developer to provide photos from the lake. Craig said it might be helpful to include Haskell's and the Gables in the photo.

Gaylord challenged Commissioners to take a boat over to Wayzata and look at the view from the water.

Weber said another finding could be that the configuration of the site is dictated by providing the parking on site.

Gephart listed the items that he wanted Weber to provide for the next meeting: an executive summary of the market study; photo views from further out in the lake; narrative stating the hardship covering all three criteria for a variance. Explain how the plight of the applicant is unique to the property, explain the reasonableness, and explain how putting a 4-story building 20-feet higher than the ordinance allows doesn't alter the character of the area.

Craig said if they built a building under the current ordinance it might look worse from the lake than the proposed building.

Gaylord said they did a nice job of articulating the findings for the variances in their narrative. Weber said basically something other than a hotel you could probably be built within the ordinances.

Busch said can't the Commission discuss that a hotel is something that the community wants or needs? Gaylord said that they haven't heard from the community that they want a hotel, but this is something that they could consider.

Craig asked what percentage was the vacancy rate for hotels when the economy dropped in relation to where it was a couple of years ago. Weber said the western suburbs dropped about 10%. Brooklyn Park dropped about 30%. He noted that the occupancy rates in the western areas are almost back to where they were.

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City Attorney Staunton said he thinks that the Commission is caught up in what the use will be in the sense of what goes on within the structure and how the statute talks about a reasonable use. You can't get caught up on it being a hotel or condos, which are both permitted uses. You don't want to focus on whether a hotel is a right or reasonable use. The task is to look at the building. The one unique thing about this property is the view corridor to the lake. Do you create a variance and decide that it is unique to this property? The question then becomes how much. What you are really looking at is the structure because that is what will be left. So you want to make sure that it fits in. One issue that has struck out during the discussions is the view corridor.

Gaylord said is the view corridor in the rights of the public or the property owner? Staunton said that the applicant could build in the view corridor and the City couldn't do anything about it if he met the zoning requirements. The applicant is providing this. Is this important enough to the City? If it is, then whatever the particulars are of the mass and scale you need to decide if it fits within the character.

Craig said the fourth floor makes a difference to her if it is a hotel not condos because of the public use of that space.

Gephart suggested that the Planning Commission continue the discussion to the July 7th meeting. Richards said that there is already enough on the July meeting agenda. He suggested that the Planning Commission hold another special meeting for this item. He noted that the applicant is also going to need some time to put together the information that the Planning Commission requested.

Richards and commissioners discussed the cupola feature. Busch said she would be in favor of scaling down the size of the cupola. She realizes there should be something important on the corner, but would prefer to have it scaled down. Craig said that is one element that seems large to her also.

Gaylord asked if the Planning Commission should provide feedback on certain elements of the proposal - sidewalks, bump out, mass and scale, etc., for the Heritage Preservation Commission.

Craig said that the applicant has already addressed widening the sidewalks.

Everyone agreed that they would prefer to see the scale and size of the copula reduced. Weber said the turrent below the cupola needs to be at least 17 feet in diameter to make it usable space. He has no problem looking at it and seeing if it can be adjusted. The turrent is an important element that makes it special. He

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is willing to come back with some other options for the Planning Commission to consider.

Gaylord said there are other visual elements that could be done to make it a signature element. Busch asked if there are other details in the historic hotels that might also work. Weber said that most of the hotels in the early years were wood framed buildings that had few architectural elements on them. He noted that they were put up quickly to house people.

Gephart said mass and scale are an issue. He would like to see some ideas on ways to redesign the turrent cupola. Weber said he will put together some ideas for the Planning Commission to look at.

Gaylord suggested putting up poles on the lot to show the height of the building. Weber said the problem with that is it doesn't give a proper perspective without looking at the building too. If that is done, there should also be a pole to show what the 35-foot height at the lot line would look like if the building is not stepped back. The consensus of the Planning Commission was that this was not necessary for the applicant to do. Richards said staff will speak with the developer to see if there is another option that could be looked at.

Commissioner Gaylord moved, Commissioner Jensen seconded, to schedule a Special meeting on Tuesday, July 20, 2010 at 5:00 p.m., and continue the public hearing that meeting. Motion carried 6/0.

5. Adjournment

Commissioner Craig moved, and Commissioner Busch seconded, to adjourn the meeting at 10:15 p.m. Motion passed 6/0.

Respectfully submitted,

Cheri Johnson
City Clerk