

**CITY OF EXCELSIOR
Hennepin County, Minnesota**

MINUTES

**City Council Work Session
Monday, February 28, 2011
6:30 p.m.**

1. Call to Order/Roll Call

Mayor Ruehl called the meeting to order at 6:33 p.m. Council members present: Berghorst, Caron (arrived at 6:36 p.m.), Fulkerson, Miller (arrived at 6:36 p.m.), and Mayor Ruehl. Also Present: City Manager Luger and City Attorney Staunton.

2. Agenda Approval

Berghorst moved, Fulkerson seconded, to approve the meeting agenda as presented. Motion carried 3/0.

3. Microbrewery Proposal- Excelsior Brewing Company

Luger stated that on Thursday, January 20, 2011 John Klick and Jon Lewin presented their microbrewery proposal to staff. As staff reviewed the proposal, it was determined that an amendment to the City's Liquor Ordinance and Zoning Code would be necessary to accommodate a microbrewery. Before moving forward with these amendments, staff would like to know if the City Council is interested in the proposal.

John Klick from Excelsior Brewing Company presented their plan for a lake inspired microbrewery in downtown Excelsior that would celebrate the past and present and promote responsible stewardship of Lake Minnetonka. They would like to make the brewery a destination and leverage the appeal and exposure of Excelsior and the various community events.

The facility that is being considered for Excelsior Brewing Company is the eastern most section of 421 Third Street which is currently an auto body shop. John Klick stated that the building needs significant interior and exterior improvements. He mentioned that the floor plan would be a classic microbrewery floor plan with a brew house, fermentation, packaging, tap room, office, and retail. If the business needs to expand in the future, they plan on taking over the body shop.

Jon Lewin from Excelsior Brewing Company presented their proposed timeline for 2011 with a projected start date of December 2011. Excelsior Brewing Company stated that they are seeking an endorsement from the City Council and are asking the Council to jointly work with them on the necessary ordinance revisions, variances, and licensing requirements.

3. Microbrewery Proposal- Excelsior Brewing Company (Continued)

Mayor Ruehl asked Excelsior Brewing Company to introduce themselves and share their background. John Klick stated that he grew up in Wayzata and is the co-founder of Innovative Marketing Consultants. Jon Lewin grew up in Mound, but currently lives in Tonka Bay and is the CFO of Frauenshuh HealthCare. Patrick Faust is the CEO of ThinkTalent Human Capital Partners which is a human resource and technology consulting firm.

Fulkerson asked if they have been involved in the beer business. John Klick stated that he has designed, manufactured, and imported promotional products, signage, and merchandise for beverage companies.

Staunton asked if Excelsior Brewing Company would need legislative approval similar to Surly Brewing Company. John Klick responded that they would not need legislative approval since their proposed business is small.

Mayor Ruehl stated that he would prefer to keep retail in the front of the building. John Klick explained that they plan to have a tasting room along with a retail component.

The City Council expressed a general interest in the proposal.

4. Recap of City Council Meetings

Caron stated that there has been a lot of discussion at the Charter Commission meetings about transparency. It has been suggested that a one-page recap of the City Council meetings be placed on the website so residents can quickly find out the Council's discussion and action of issues. Caron said that she found a recap on the City of Scandia's website; Staunton added that the City of Edina has a similar recap. Caron asked the Council for their feedback.

Mayor Ruehl expressed concern over the amount of staff time. Luger believed that it wouldn't take too much time to complete, but suggested that the recap be implemented on a trial-basis so staff can track time and usage. The City Council agreed to implement the recap of City Council meetings on a trial-basis.

5. 2011 City Council Goal- Are our ordinances preventing us from having a desirable project?

Luger mentioned that the City Council has identified this goal as an A+ priority. The intent of tonight's meeting is for the Council to discuss their vision for the hotel site and surrounding area and to examine the barriers that are preventing the City from completing its vision.

5. 2011 City Council Goal- Are our ordinances preventing us from having a desirable project? (Continued)

Mayor Ruehl suggested that the City Council focus on the properties along Water Street between Second Street and Lake Street. In his opinion, there are many properties within this block that are underdeveloped. Mayor Ruehl discussed the potential for underground parking and the issues with defining the height of a structure when underground parking is utilized.

Miller asked Mayor Ruehl if he visualized underground parking under Water Street that would serve properties on both sides of the street. Mayor Ruehl responded that it is possible, but is it desirable?

Miller asked Staunton if the City could utilize a commercial Planned Unit Development (PUD) for this area. Staunton responded yes and that this area is a classic use of a PUD since the development would be completed in phases and incorporates multiple properties. Staunton added that the City would need the permission of all the property owners within the PUD before proceeding.

Berghorst asked whether the City could be proactive with the PUD or would the property owners need to apply. Staunton stated that the City can be proactive by talking to the property owners and developers.

Miller asked if there is more flexibility with a PUD. Staunton responded that the City's current PUD ordinance has some basic requirements that may limit the options.

Mayor Ruehl stated that he is concerned that the City's ordinances may be too strict to allow a desirable project. If the ordinances are too strict, should some of them be changed?

Caron believes that the City's ordinances and design standards have served the community well. The questions that come to her mind are: Does the project fit? Can the design be changed to meet the City's ordinances? Caron suggested that the City look at projects that were granted a height variance since the biggest change has been the City's flexibility to grant variances. What made the Council grant the variance? Why did the variance make sense?

Miller asked what would prevent the hotel development from utilizing a PUD, which Staunton replied the eligibility requirements. The current PUD ordinance states that the PUD must include multiple buildings and uses, which was a requirement that the hotel proposal met. However, the requirements also state that one of those uses cannot be permitted in the zoning district which seems counter-intuitive. Why would the City want to encourage a non-permitted use?

5. 2011 City Council Goal- Are our ordinances preventing us from having a desirable project? (Continued)

Miller asked if the requirement regarding a non-permitted use should be removed from the PUD ordinance. Mayor Ruehl stated that he can understand why the criteria were included. Why would a development need a PUD if it meets zoning requirements?

Miller stated that he would like to see all of the property owners within this area come together and create a collective vision. Mayor Ruehl agreed and expressed an interest in leading those discussions if the City Council allowed him to do so.

Berghorst also agreed with Miller's comments and added that the City needs to be open. She believed that it makes sense for the property owners to come together and figure this all out. The City Council agreed to have Mayor Ruehl and Miller coordinate and lead the discussion with the property owners.

Caron mentioned that the variance discussion also impacts residential properties and suggested that the City Council direct the Planning Commission to study the residential variances that have been granted.

The City Council directed staff to: review PUD ordinances from communities that are similar to Excelsior; understand the height variances that were granted to Wyer-Pearce, Excelsior Office Suites, and possibly The Gables; and study the residential variances that have been granted.

6. Other

Caron suggested that the discussion regarding a potential food and beverage tax be placed higher on the list of work session topics; the other Councilmembers agreed with Caron's suggestion.

5. Adjournment

Fulkerson moved, Miller seconded, to adjourn at 8:05 p.m. Motion carried 5/0.

Respectfully submitted,

Kristi Luger
City Manager