

City of Minneapolis
Department of Community Planning and Economic Development
250 S. 4th Street, Room 300 PSC
Minneapolis, MN 55415-1385

MEMORANDUM

DATE: August 29, 2013
TO: City Planning Commissioners – Committee of the Whole
FROM: Becca Farrar- Hughes, Senior City Planner
SUBJECT: Surly Brewing Company

The applicant is proposing to construct a destination brewery totaling 48,200 square feet on an approximately 8.2 acre parcel located on the properties at 520 and 522 ½ Malcolm Ave SE and 3171 5th St SE. The property is zoned I2 (Medium Industrial) District and the northeast corner of the property is located in the SH (Shoreland Overlay) District.

The proposal would result in the construction of a destination brewery that includes an 18,000 square foot beer production area, beer hall and tap room (with a capacity of 300 individuals), restaurant space (with a capacity of 100 individuals), event space (with a capacity of 150 individuals), an outdoor beer garden (with a capacity of 300 individuals) as well as offices, a sales shop, and a satellite food/beer building. The site would also accommodate off-street parking for approximately 251 vehicles and 100 bicycles. The site has been designed to accommodate a potential future expansion of an additional 40,000 square feet.

The land use applications that would be required based on the proposal include:

- A variance of the maximum allowable size of food and beverages uses in the I2 District to exceed 5,000 square feet;
- Variance of the minimum off-street parking requirement;
- Site Plan Review.

Staff's primary concerns regarding the proposal include:

- (1) The siting/configuration of the building on site. While Staff acknowledges the unique shape of the lot, it would seem practical to locate the building closer to both Malcolm Avenue SE and SE 5th Street as opposed to providing a drop-off area and parking between the building and the public street. The location of the building has been designed, however, to take advantage of the existing grain elevators not located on the subject property that abut Malcolm Avenue SE as a backdrop for the beer garden and outdoor event space as well as to accommodate a future expansion. In addition, the location of the structure and the corresponding site amenities are located in an effort to mitigate the impacts of other surrounding industrial uses. Public Works will need to review the proposed drop-off as part of the official Preliminary Development Review process. The applicant has stated that the drop-off is a courtesy feature for guests during inclement weather. Should the Planning Commission feel that the location of the building, the drop-off and surface parking lot are appropriate, alternative compliance measures should be discussed to offset the lack of compliance with these provisions (i.e. improved landscaping, previous pavers, etc.).

- (2) The lack of fenestration on the west elevation of the building facing the off-street parking lot, proposed drop-off area and SE 5th Street. Even with the proposed internal layout of the building, Staff believes that there are additional opportunities for the incorporation of fenestration within this elevation. Given the programming, it appears unlikely that the elevation could fully comply with the 30% window requirement, however.

The applicant has not yet submitted formal land use applications for the proposal; however, intends to do so in order to be scheduled for the September 30, 2013, City Planning Commission meeting.

In addition, CPED Staff would like to make the Commission aware that the City of Minneapolis will likely be proposing a Phased Development Plan (PDP) to the Metropolitan Council Environmental Services (MCES) in order to encourage and advance redevelopment initiatives around the Surly Brewing Company's site. The PDP is a tool authorized by the MCES (last used in Minneapolis for the Heritage Park Redevelopment Project) that allows the City to support the redevelopment over time of a defined contiguous area with multiple properties which is consistent with adopted plans for the area. The PDP will require review and confirmation that the plan (and the development described in it) is consistent with the City's Comprehensive Plan by the City Planning Commission, and then approval by the Zoning and Planning Committee and the City Council.

Additional background regarding the MCES is that it was created in 1969 with mandates to provide service for the rapidly growing population in the Twin Cities Metropolitan area and to clean up the area's rivers and lakes. The Sewer Availability Charge (SAC) system for paying for reserved capacity was instituted in 1973. The SAC is a one-time fee imposed by MCES to local government units for each new connection or increase in volume discharged to the metropolitan disposal system. The regional SAC rate is periodically set by Metropolitan Council action and for 2013 one SAC unit is equal to \$2,435.00. As part of the Metropolitan Council's SAC Procedure Manual which is updated annually, is the ability of cities to create Phased Development Plans (PDP) to carry out redevelopment initiatives. Based upon a review of the history of the Surly Brewing Company site at Malcolm Ave. S.E. and 5th Street S.E., it is expected that a MCES credit determination will result in upwards of 1,700 grandfathered SAC credits. Surly Brewing between their initial phase of development and their expected future phases of development will utilize an estimated 500 SAC credits, leaving a balance of SAC credits to encourage and assist other redevelopment projects within the boundaries of the PDP.