
FINDINGS OF FACT AND RECORD OF DECISION

ENVIRONMENTAL ASSESSMENT WORKSHEET

for

Alatus Tower

**Location: 200 Central Avenue Southeast and 113 2nd Street Southeast,
City of Minneapolis, Hennepin County, Minnesota.**

Responsible Governmental Unit (RGU): City of Minneapolis

Contact Information:

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Petitioner's Representative: Nathan Dungan, 110 Bank Street SE, #2401, Minneapolis, MN 55414, 612.341.9996

BACKGROUND AND SUPPORTING INFORMATION

On April 5, 2016, the City of Minneapolis received a petition forwarded from the Minnesota Environmental Quality Board (EQB) that had been filed by Nathan Dungan representing Neighbors for East Bank Livability. The petition requests the preparation of an Environmental Assessment Worksheet (EAW) for the project known as the Alatus Tower located at 200 Central Avenue Southeast and 113 2nd Street Southeast. The EQB determined that the City of Minneapolis is the appropriate Responsible Governmental Unit (RGU) for the decision on the petition. The EQB published the notice in the EQB Monitor on April 11, 2016, and the City was assigned as the RGU pursuant to Minn. Rules 4410.0500 subp. 3. The full petition and associated petition materials have been attached for reference.

A. PROJECT DESCRIPTION

The applicant is proposing to demolish the existing structures and construct a new 40-story mixed use building. The building would include a total of 207 dwelling units, 6,700 square feet of ground floor retail space, and 333 parking spaces. The parking spaces would be located in three levels below-grade in addition to the first four levels of the building. The retail space would

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occupy most of the Central Avenue frontage. A service drive accessed from Central Avenue and a loading area would also occupy the north side of the ground floor. Vehicle access from 2nd Street, including a porte cochere, and the main residential entrance lobby would occupy the south side of the ground floor. The first four levels of the building would make up the podium. An amenity level would be located on the 5th floor. The tower would have 37 levels, including a mechanical penthouse level, which would be topped with a decorative parapet.

The site is located in the St. Anthony Falls Historic District. A certificate of appropriateness is required to allow the proposed demolition of the structures on the site and a separate certificate of appropriateness is required for the proposed new construction. Both of these applications will be reviewed by the City of Minneapolis Heritage Preservation Commission.

The project is also subject to review by the City of Minneapolis Planning Commission. The following land use applications will be required for the proposed development:

- Conditional use permit to increase the maximum allowed height of a building.
- Variance to increase the maximum floor area ratio.
- Variance of the PO Overlay District standards.
- Variance of the interior side yard requirement adjacent to the north lot line for the building walls with residential windows.
- Site plan review.

A Travel Demand Management Plan (TDMP) that analyzes traffic and parking operations in the immediate area will be required for the project. The TDMP will be reviewed by the City's Department of Public Works and the Department of Community Planning and Economic Development.

B. ARGUMENTS OF THE PETITION

The petitioners state that the project is subject to a mandatory EAW under Minnesota Rules Part 4410.4300, subp. 19(C). In cities that are located in the seven-county Twin Cities metropolitan area that have adopted a comprehensive plan under Minnesota Statutes section 473.859, the threshold for a mandatory EAW is 100 unattached or 150 attached units if the project is not consistent with the adopted comprehensive plan. The petitioners state that the project meets this threshold based on the size of the project and its inconsistency with the adopted comprehensive plan, specifically Chapters 1 (Land Use), 8 (Heritage Preservation) and 10 (Urban Design). The petitioners also state that the project is inconsistent with the St. Anthony Falls Historic District Design Guidelines. The historic district design guidelines are not part of the City's comprehensive plan.

B. FINDINGS REQUIRED BY THE RULES OF THE EQB

The Rules provide that the designated RGU shall order the preparation of an EAW if the evidence presented by the petitioners, proposers, and other persons or otherwise known to the City demonstrates that, because of the nature or location of the proposed project, the project may have the potential for significant environmental effects. The RGU shall deny the

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petition if the evidence presented fails to demonstrate that the project may have the potential for significant environmental effects. The following factors must be considered:

A. Type, extent, and reversibility of environmental effects;

B. Cumulative potential effects. The RGU shall consider the following factors: whether the cumulative potential effect is significant; whether the contribution from the project is significant when viewed in connection with other contributions to the cumulative potential effect; the degree to which the project complies with approved mitigation measures specifically designed to address the cumulative potential effect; and the efforts of the proposer to minimize the contributions from the project;

C. The extent to which the environmental effects are subject to mitigation by ongoing public regulatory authority. The RGU may rely only on mitigation measures that are specific and that can be reasonably expected to effectively mitigate the identified environmental impacts of the project; and

D. The extent to which environmental effects can be anticipated and controlled as a result of other available environmental studies undertaken by public agencies or the project proposer, including other EISs.

The petitioners cite five areas of concern that they believe will result in the potential for significant environmental effects should the project be constructed which include:

- (1) Damage to Adjacent Historic Structures.
- (2) Visual Impacts and Shadowing of Historic Properties.
- (3) Traffic Impacts.
- (4) Noise and Dust.
- (5) Cumulative Impacts of Development.

A. Type, extent, and reversibility of environmental effects;

The environmental effects identified in the petition are visual, localized, and can be mitigated through the City's existing formal development review process. This process captures and evaluates development proposals not only from a Planning perspective, which encompasses community planning, heritage preservation and development services analysis, but also includes evaluations by the Public Works Department related to stormwater management, water and sewer design, traffic, streets, right-of way, etc., the Construction Code Services Division of CPED related to building code review and inspections and the various utility companies.

The identified effects are reversible until the final discretionary approvals for the proposed project are granted through the City's development review process. The project will require City approvals including but not limited to the Heritage Preservation Commission and the City Planning Commission. Through both of these review processes, the Heritage Preservation Commission will evaluate the project for compliance with the St. Anthony Falls Historic District

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Design Guidelines and the Heritage Preservation Chapter of the City's comprehensive plan. In addition, the City Planning Commission will evaluate the project for compliance with the zoning ordinance and the Land Use and Urban Designs Chapters of the City's comprehensive plan.

The Public Works Department will review the project for compliance with their standards prior to the issuance of building permits. In addition, the project will be reviewed for compliance with the building code and the development will be inspected throughout the construction process. Even after the issuance of building permits, the applicant will be required to continue to work closely with the Public Works Department, the Construction Code Services Division of CPED and the various utility companies during the duration of the project to ensure that all procedures are followed accordingly and that the development complies with all city and other applicable requirements.

B. Cumulative potential effects of related or anticipated future projects;

All future development within the area will be considered through the City's development review process; either administratively or through a public hearing process. This has and will continue to allow the City to manage potential cumulative effects of future development within the vicinity and throughout the City as a whole.

C. The extent to which the environmental effects are subject to mitigation by ongoing public regulatory authority; and

The City's development review process is comprehensively administered by City Staff and implemented by experienced Commissions and the City Council. Any potential environmental effects are mitigated by the City's development review process.

D. The extent to which environmental effects can be anticipated and controlled as a result of other available environmental studies undertaken by public agencies or the project proposer, including other EISs.

A project of this type within an urban setting is neither unique nor unanticipated. Residential, commercial and mixed-use developments that have been significantly more intense than the proposed project have been the subject of EAWs and EISs as well as the City's development review process. Based on these studies, the environmental effects of this project can be anticipated and controlled by the City's development review process.

DECISION ON THE NEED FOR AN ENVIRONMENTAL ASSESSMENT WORKSHEET

It is undisputed that the proposed number of dwelling units within the project exceeds 150 attached units; there are 207 attached units proposed. However, the project is in compliance with the City's comprehensive plan and therefore does not meet any of the mandatory EAW thresholds contained in Minn. Rules 4410.4300.

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The Minneapolis Plan for Sustainable Growth identifies the site as mixed use on the future land use map. The site is also located in the East Hennepin Activity Center and is located along Central Avenue Northeast which is a designated Community Corridor in this location. Please note that the petitioners mistakenly used outdated information to suggest that the site is guided as commercial on the land use map; it is mixed-use.

In *The Minneapolis Plan for Sustainable Growth*, the mixed use designation allows for mixed use development, including mixed use with residential. Mixed use may include either a mix of retail, office or residential uses within a building or within a district. There is no requirement that every building be mixed use. The proposed use of the project, 207 dwelling units and 6,700 square feet of commercial space, is consistent with the future land use guidance of the City's comprehensive plan.

In *The Minneapolis Plan for Sustainable Growth*, Activity Centers are described as places with a mix of uses that have citywide and regional draw. They contain a high intensity of uses, including employment, commercial, office, and residential uses. Densities in Activity Centers range between high density (50-120 du/acre) and very high density (120-200 du/acre), dependent on context. In addition, densities up to 800 du/acre may be allowed in or near all designated Growth Centers and within Activity Centers adjacent to Growth Centers, as consistent with adopted small area plans. The proposed density of the project, 259.4 du/acre, is consistent with the policy guidance of the City's comprehensive plan.

The petitioner's arguments are based on general and aspirational components of the City's comprehensive plan. The alleged inconsistencies with the comprehensive plan relate to judgments about character and compatibility.

The following policies of *The Minneapolis Plan for Sustainable Growth* are applicable to the proposal:

Land Use Policy 1.2: Ensure appropriate transitions between uses with different size, scale, and intensity.

- 1.2.1 Promote quality design in new development, as well as building orientation, scale, massing, buffering, and setbacks that are appropriate with the context of the surrounding area.

Land Use Policy 1.3: Ensure that development plans incorporate appropriate transportation access and facilities, particularly for bicycle, pedestrian, and transit.

- 1.3.1 Require safe, convenient, and direct pedestrian connections between principal building entrances and the public right-of-way in all new development and, where practical, in conjunction with renovation and expansion of existing buildings.
- 1.3.2 Ensure the provision of high quality transit, bicycle, and pedestrian access to and within designated land use features.
- 1.3.3 Encourage above-ground structured parking facilities to incorporate development that provides active uses on the ground floor.

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Land Use Policy 1.4: Develop and maintain strong and successful commercial and mixed use areas with a wide range of character and functions to serve the needs of current and future users.

- 1.4.2 Promote standards that help make commercial districts and corridors desirable, viable, and distinctly urban, including: diversity of activity, safety for pedestrians, access to desirable goods and amenities, attractive streetscape elements, density and variety of uses to encourage walking, and architectural elements to add interest at the pedestrian level.
- 1.4.4 Continue to encourage principles of traditional urban design including site layout that screens off-street parking and loading, buildings that reinforce the street wall, principal entrances that face the public sidewalks, and windows that provide “eyes on the street”.

Land Use Policy 1.5: Promote growth and encourage overall city vitality by directing new commercial and mixed use development to designated corridors and districts.

- 1.5.1 Support an appropriate mix of uses within a district or corridor with attention to surrounding uses, community needs and preferences, and availability of public facilities.

Land Use Policy 1.8: Preserve the stability and diversity of the city's neighborhoods while allowing for increased density in order to attract and retain long-term residents and businesses.

- 1.8.1 Promote a range of housing types and residential densities, with highest density development concentrated in and along appropriate land use features.

Housing Policy 3.1: Grow by increasing the supply of housing.

Housing Policy 3.2: Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities.

- 3.2.1 Encourage and support housing development along commercial and community corridors, and in and near growth centers, activity centers, retail centers, transit station areas, and neighborhood commercial nodes.

Heritage Preservation Policy 8.1: Preserve, maintain, and designate districts, landmarks, and historic resources which serve as reminders of the city's architecture,

- 8.1.2 Require new construction in historic districts to be compatible with the historic fabric.

Urban Design Policy 10.4: Support the development of residential dwellings that are of high quality design and compatible with surrounding development.

- 10.4.1 Maintain and strengthen the architectural character of the city's various residential neighborhoods.
- 10.4.2 Promote the development of new housing that is compatible with existing development in the area and the best of the city's existing housing stock.

Urban Design Policy 10.5: Support the development of multi-family residential dwellings of appropriate form and scale.

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- 10.5.2 Medium-scale, multi-family residential development is more appropriate along Commercial Corridors, Activity Centers, Transit Station Areas and Growth Centers outside of Downtown Minneapolis.
- 10.5.3 Large-scale, high-rise, multi-family residential development is more appropriate in the Downtown Minneapolis Growth Center.

Urban Design Policy 10.6: New multi-family development or renovation should be designed in terms of traditional urban building form with pedestrian scale design features at the street level.

- 10.6.1 Design buildings to fulfill light, privacy, and view requirements for the subject building as well as for adjacent properties by building within required setbacks.
- 10.6.2 Promote the preservation and enhancement of view corridors that focus attention on natural or built features, such as the Downtown skyline, landmark buildings, significant open spaces or bodies of water.
- 10.6.3 Provide appropriate physical transition and separation using green space, setbacks or orientation, stepped down height, or ornamental fencing to improve the compatibility between higher density and lower density residential uses.
- 10.6.4 Orient buildings and building entrances to the street with pedestrian amenities like wider sidewalks and green spaces.
- 10.6.5 Street-level building walls should include an adequate distribution of windows and architectural features in order to create visual interest at the pedestrian level.
- 10.6.6 Integrate transit facilities and bicycle parking amenities into the site design.

Urban Design Policy 10.9: Support urban design standards that emphasize traditional urban form with pedestrian scale design features at the street level in mixed-use and transit-oriented development.

- 10.9.1 Encourage both mixed-use buildings and a mix of uses in separate buildings where appropriate.
- 10.9.2 Promote building and site design that delineates between public and private spaces.
- 10.9.4 Coordinate site designs and public right-of-way improvements to provide adequate sidewalk space for pedestrian movement, street trees, landscaping, street furniture, sidewalk cafes and other elements of active pedestrian areas.

Urban Design Policy 10.16: Design streets and sidewalks to ensure safety, pedestrian comfort and aesthetic appeal.

- 10.16.1 Encourage wider sidewalks in commercial nodes, activity centers, along community and commercial corridors and in growth centers such as Downtown and the University of Minnesota.
- 10.16.2 Provide streetscape amenities, including street furniture, trees, and landscaping, that buffer pedestrians from auto traffic, parking areas, and winter elements.

Urban Design Policy 10.18: Reduce the visual impact of automobile parking facilities.

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- 10.18.6 The ground floor of parking structures should be designed with active uses along the street walls except where frontage is needed to provide for vehicular and pedestrian access.

The [Marcy-Holmes Neighborhood Master Plan](#) was adopted by the City Council in 2014. In general, the plan supports adaptive reuse, rehabilitation, and renovation of existing buildings if possible. In the plan, the site falls in the Riverfront Character Area. The goal of the plan for this area is to “Expand and improve riverfront parks, improve connectivity, balance local and regional access and use, create bike- and walk-friendly environments on 2nd Street Southeast, and embrace diversity of building uses and eras.” The plan does not contain specific guidance for height, but indicates that higher density residential development is appropriate at this location because it is along a transit and transportation corridor and near a commercial center.

The site is located in a mixed use area with a range of densities, including high-rises. It is also located in the *St. Anthony Falls Historic District*. However, most of the historic fabric has been lost and new construction is predominant in the immediate area. The properties closest to the subject site include the one-story, former Pillsbury Library, the nine-level St. Anthony parking ramp, the 12-story Winslow House Condominiums, townhouses, and the one-and-a-half-story Ard-Godfrey House. Both the Pillsbury Library and the Ard Godfrey House are contributing structures in the historic district.

The proposed building height is 40 stories plus a mechanical penthouse and a decorative cap. Implementation step 10.1.1 of the comprehensive plan promotes concentrating the tallest buildings in the downtown core. The site is not located in the downtown core, but it is across the river in an area with high density buildings. Further, it would not eclipse the downtown skyline. Even though the proposed building would be taller than other buildings on the east bank of the river, the massing and scale would not be out of character with the East Hennepin Activity Center. The building would be divided into two main modules, the podium and the tower, to ensure compatibility with the surrounding area and the historic district. The first four floors of the building make up the podium, the footprint of which would occupy most of the site and would be oriented to the street grid. Four stories is considered a low-rise building, which is appropriate to the historic context in this location. It also establishes a sense of human scale.

To provide a physical transition, the tower would be set back from the street edge. Specifically, it would be set back six-and-a-half to 14 feet from the podium wall adjacent to Central Avenue Southeast and would be set back over 30 feet from the podium wall adjacent to 2nd Street Southeast. The footprint of the tower is less than half of that of the podium. By limiting the podium height to 4-stories and minimizing the footprint of the tower, no nearby properties would be shadowed throughout the day. The applicant has completed a shadow study that shows that the effects of shadowing have been minimized to the extent practical. Also, the location of the tower would not block any public views of important elements of the city. Adjacent to the low-rise Pillsbury Library, the tower would be set back 11.5 to 18 feet. In contrast, the second through fourth floors of the podium would be set back 17 feet, resulting in a cantilevered tower. The library is set back 20 feet from the shared lot line. The proposed setbacks would be sufficient to retain access to light and air of the surrounding properties.

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However, cantilevering the tower would create a looming effect over a contributing property. To address this issue, CPED staff has recommended that the tower not extend past the podium as a condition of approving the certificate of appropriateness application that is to be heard by the Heritage Preservation Commission.

Appropriate transportation access and facilities would be provided. The site is conveniently located near public transit with frequent service and multiple bike routes. It is also in a high traffic pedestrian area with close proximity to services and amenities. Public realm enhancements are proposed to improve the pedestrian experience, which include boulevard landscaping and wider sidewalks. In addition to pedestrian improvements, approximately 2 parking spaces per dwelling unit are proposed. At least one bicycle parking space per bedroom is also required to be provided.

The placement and design of the podium adjacent to Central Avenue Southeast would also facilitate access and would include pedestrian scale design features. The first floor of the proposed building would be set back not more than eight feet from Central Avenue Southeast, except where the service drive entrance is set back 14 feet. Retail space would occupy most of the Central Avenue Southeast frontage. Pedestrian access would connect directly to the sidewalk. The ground floor façade would be predominantly storefront windows to provide visual interest. Residential units would line the upper floors of the parking to create the effect of medium-scale development at the street level. The housing also wraps the north corner, a part of the façade that would be very visible because the Pillsbury Library is set back significantly from University Avenue Southeast.

The 2nd Street Southeast façade of the podium would not contain the same level of pedestrian scale design features. The first floor wall would be set back six to 48 feet. The width of the building along 2nd Street Southeast is 186 feet. Less than 50 percent of the first floor wall would be within eight feet of the lot line. The remainder of the wall would be recessed for a porte cochere, a garage entrance and mechanical equipment. The porte cochere would also separate the main residential entrance from the sidewalk. A decorative, metal screen wall is proposed between the two curb cuts of the porte cochere as an alternative to reinforce the street wall. Having a recessed first floor wall for a porte cochere is not consistent with the historic context or traditional urban design. In the historic district, buildings traditionally did not vary in alignment adjacent to a street. The upper parking levels would not be buffered by housing, except where the liner housing on Central Avenue would wrap the corner. Although 2nd Street Southeast is considered secondary to Central Avenue Southeast, the 2nd Street Southeast elevation would be highly visible from surrounding areas. This is also a high pedestrian traffic area. Without active uses, a pedestrian scale is not reinforced.

To further ensure that the scale of the proposed building would be compatible with the surrounding area, CPED staff has made recommendations for additional pedestrian scale design features in the podium fronting 2nd Street Southeast. Staff is recommending that the porte cochere be eliminated between the first floor wall and the street by requiring the first floor wall along 2nd Street Southeast, including the residential lobby entrance, to be within eight feet of the lot line with a more or less continuous alignment, except where allowed for mechanical equipment and vehicle access if no door is proposed. Staff has also recommended that dwelling

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units line the parking on the second through fourth floors of the 2nd Street Southeast building elevation. These were recommended as conditions of approving the certificate of appropriateness application that is to be heard by the Heritage Preservation Commission.

Based on the information in the above analysis, the City of Minneapolis concludes the following:

1. The Findings of Fact and Record of Decision document and related documentation were prepared in compliance with the procedures of the Minnesota Environmental Policy Act and Minnesota Rules, Parts 4410.1000 to 4410.1700.
2. The project does not meet any of the mandatory EAW thresholds contained in Minn. Rules 4410.4300.
3. The project is in compliance with the City's comprehensive plan.
4. The project does not have the potential for significant environmental effects.
5. The petitioners failed to meet their burden of proof that the project may have the potential for significant environmental effects. Although there are many arguments presented, they are largely anecdotal and unsupported by compelling evidence.
6. The City of Minneapolis makes the finding that the petition for an EAW for the Alatus Tower project on the property located at 200 Central Avenue Southeast and 113 2nd Street Southeast is denied.
7. The City of Minneapolis City Council shall adopt the proposed Findings of Fact and Record of Decision document.