American Planning Association (APA)
San Diego Section

PLANNING FOR BREWERIES
IN SAN DIEGO

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NANCY GRAHAM, AICP

RUSS GIBBON
Business Development Manager Mayor’s Office of Economic Growth Services, City of San Diego – Planning, Neighborhoods and Economic Development Department

OMAR PASSONS
Construction and Land Use Attorney with Stutz Artiano Shinoff & Holtz

VINCE VASQUEZ
Research / Policy Analyst at National University, Authored Two Studies on San Diego’s Craft Brewing Industry

MIKE HESS
Hess Brewing

AMANDA LEE
Senior Planner, Land Development Code Team, City of San Diego-Development Services Department
Russ Gibbon

PROMOTING BEER MANUFACTURING IN SAN DIEGO
Beer mfg. part of City’s heritage

- Mission Brewing Co. (Midway, 1913-1919)
- Aztec Brewing (Barrio Logan, 1933-1953)
- Karl Strauss Brewing Co. (1989)
- Ballast Point Brewing & Spirits Co. (1995)
- AleSmith Brewing Co. (1995)
- White Labs (1995)

- Terms “microbrewing,” “craft beer brewing” and “beer manufacturing” essentially the same in SD
Currently 19 brewpubs and 22 breweries in San Diego, over 80 county-wide.


High multiplier effect, 4.7 indirect and induced jobs created in mfg., wholesale, retail, and service sectors for each direct manufacturing sector job (NAICS: 312120 - Breweries).

City sales/use tax revenues experienced 300% growth rate in 2012 and 62% in 2013.
LAND USE AND ZONING

- Breweries (Type 01 “Beer Mfr.” and Type 23 “Small Beer Mfr.”) classified as “Light Manufacturing”
- Accessory Tasting Rooms allowed in breweries up to 25% of GFA
- Allowed in most industrial zones and some commercial zones
- No Conditional Use Permit (CUP) Required in any zone
Brewpubs, Tasting Stores and non-accessory Tasting Rooms are “Eating & Drinking Establishments” permitted like restaurants in all commercial zones & most industrial zones.

Trend for large West Coast “craft beer” manufacturers is to have a large restaurant within or adjacent to brewery.

Prior to code amendment, San Diego’s Municipal Code would not have allowed Ballast Point’s proposed large scale brewery restaurant ≥ 3,000 s.f.

Other West Coast Breweries with large accessory restaurants:

- Sierra Nevada, Widmer Bros (CBA), Lagunitas, Stone, Firestone –Walker, North Coast
“Industrial development greater than 12,000 square feet of gross floor area that is primarily engaged in the manufacturing of malt beverages or distilled spirits in sealed cans, bottles, or kegs, may include an eating and drinking establishment as an accessory use, subject to applicable state and local regulations, if the eating and drinking establishment does not exceed 25 percent of the gross floor area of the structures on the premises.”
**ADDITIONAL CODE CHANGES - 2014**

**Centre City Planned District Ordinance – Removed CUP requirement for off-premise sales of beer at a brewpub**

Brewpubs offering alcoholic beverages manufactured by the business for off-site consumption as an accessory use are permitted, subject to the following regulations:

(A) A bona-fide eating establishment shall be the primary use on the premises with made-to-order food available during all hours of operation.

(B) An accessory alcohol manufacturing operation must be operated on the premises.

(C) No malt beverage, wine, or similar products shall be sold in less than 16.9-ounce quantities. No distilled spirits shall be sold in less than 750 ml bottles.

(D) Off-site sales under this provision shall be limited to between the hours of 10:00 a.m. and 10:00 p.m. An exception to these hours may be approved through a Conditional Use Permit in accordance with Process Three upon making the findings in Section 156.0315(b)(1)(D).
PLANNING FOR COMMUNITY: I’M NOT A PLANNER

- Land use and construction attorney/community participant
- Craft Beer enthusiast – for quality, opportunity, corporate citizenship
- Consumer in urban setting: long-time North Park resident
Community is not just organized groups, includes businesses, residents, non-profit organizations.

- Evaluate funding tie-ins
- Pro-active partnership with brewers’ groups
Finding suitable space makes community compromise a challenge

10 years a neighbor - rethinking transportation tie-in

Symbiosis opportunities are important in planning
PRACTICAL PERSPECTIVE: FINDING SUITABLE SPACE/COMPROMISE
PRACTICAL PERSPECTIVE: 10 YEARS A NEIGHBOR
PRACTICAL PERSPECTIVE: SYMBIOSIS OPPORTUNITIES
CONTACT INFORMATION

- Omar T. Passons, Esq.
  - opassons@stutzartiano.com
  - Twitter: http://twitter.com/omarpassons
  - Instagram: http://instagram.com/omarpassons
  - (619) 565-6456
POLICY CHOICES

- Economic planning
- Workforce development
- Redevelopment & urban renewal (lifestyle)
- Community character & land use constraints
$500+ million regional economic impact ($300M in 2011)

$782 million in sales in 2013 (681M in 2011)

2,300 industry jobs (40% inc. from 2011)

No. of breweries & brewpubs has more than doubled since 2011
Employers include more than brewers & brewpubs

Regional brewery wages are among the highest in the nation

Fewer than 20% of industry jobs require a Bachelor’s or advanced degree

San Diego’s workforce training and education programs are top-tier
There are important land use and zoning differences among San Diego municipalities that affect brewers.

NUSIPR surveyed all North County cities, San Diego & County.

Explored 1) industry classification, 2) prohibited industry areas, 3) brewing, tasting rooms and retail sales in commercial areas, and 4) special event permitting.
Finding: North County is a regulatory patchwork for the industry, offering varying levels of restrictions to follow.

Finding: More regulatory certainty and industry-specific rules may facilitate greater investment and job creation.
ABOUT ME

- Started homebrewing in 1995
- Opened San Diego’s first nano-brewery in 2010 (a 1.6 bbl system until opening NP in 2013)
- Was the founding brewer as well as GM of the business
- Former Navy officer, entrepreneur, economic and financial background.
MY FIRST BREWERY EXPERIENCE

- Plan: Open a nano in Miramar.
- Started planning in late ‘09.
- Obstacles/Challenges
  + In Spring of ’10, met with DEH.
    - They required: hand sink, 3-section ware sink, mop sink, drop ceilings, $1,000 in fees, coved floors, washable walls, etc.
  + I walked out of the meeting saying, “either they’re wrong and we’re ok, or I’m not moving forward”
On April 30th, the hammer dropped.

Called Assy. Nathan Fletcher.

One year later AB1014 was passed, exempting TRs statewide from DEH oversight.

Opened on July 10th to much fanfare

Biggest obstacle was making enough beer.
NORTH PARK: NEW CHALLENGES

- First obstacle was approval of the building
  - City’s B.E.A.R. team was awesome & instrumental
- Obstacles that followed:
  - Permits – fees arbitrary?
  - Inspections
    - Disconnect between Economic Dev and Inspectors
  - Protestants vs the ABC and SBA
  - ABC incredibly slow
  - Construction delays and SNAFUs
COMMUNITY INVOLVEMENT

- Before doing any heavy demo, we met with all 30 protestants at the building.
- Lynda and I visited them all at their homes as well over the next several months.
  + Meanwhile, construction continued.
- We have raised money at our brewery locations for: Leukemia & Lymphoma, Go Nuts, Multiple Sclerosis, Warriors Live On, It’s the Pits, The John Brockington Foundation, It’s all About the Kids, and Jefferson Elementary.
- We have partnered up with local businesses to support them, including our neighbors Girl Can’t Help It, URBN Pizza, Wang’s. and City Tacos. (plus menus)
The design of our tasting room was for the purpose of encouraging socializing and interaction.

Sky-bridge encourages our visitors to talk with our brewers and get involved in our process immediately.

Draft handles up front keep bar-staff in contact with our guests.

No bar stools forces guests to the tables.

Long tables drive neighborly conversation.
PROUD TO BE A COMMUNITY ANCHOR
BREWERY PLANNING ON THE HORIZON
Implement General Plan Policies
- Consider how changes preserve or enhance quality of life
- Various Land Use, Economic, and Environmental policies

Implement City’s Economic Development Strategy
- To support expansion of local manufacturing businesses
- Remove regulatory barriers and incentivize development

Quickly address issues with potential to cast a negative image related to local craft brew industry
- Address local neighborhood concerns
LAND DEVELOPMENT CODE: OBJECTIVES

- Provide greater predictability and certainty for applicants, decision makers, and the general public
- Provide greater flexibility for manufacturing businesses
- Provide a lower permit process to facilitate expansion of the industry
- Ensure code is adaptable to future industry change
Clarify that **BREWERIES** are a light manufacturing use—industrial use **allowed by right**

Clarify that **BREWPUBS** are eating & drinking places (restaurants)—commercial use **allowed by right**

Clarify that **TASTING ROOMS** are accessory use to a brewery—commercial use **allowed by right w/ brewery**

Differentiate from **RETAIL TASTING STORES**: a type of alcoholic beverage outlet with special duplicate (Type 1 or 23) license issued forthright by ABC—no public review

- Consider where this use should be permitted by right, a limited use, or with conditions (discretionary permit/public review)
GREATER FLEXIBILITY FOR MANUFACTURING

- Expand number of zones where use is allowed by right
  - Allow breweries in the IP-1-1 zone like other industrial zones

- Provide ability for live entertainment component
  - Currently precluded in most industrial zones

- Provide flexibility on hours of operation
  - For tasting rooms accessory to breweries in industrial zones

- Provide flexibility on parking
  - Establish low rate for capital intensive manufacturing (1/1000)
  - No additional parking required for accessory tasting rooms

- Provide flexibility on screening of mechanical equipment
  - Do not require where not visible from residential uses
Streamline process for design/development of tenant spaces in planned industrial developments

- Example: allow brewery to use outdoor grain silos & tanks where existing permit prohibits outdoor tanks/equipment
- Staff level decision appealable to Planning Commission (typically higher level permit amendment is needed)

Streamline approvals for signage

- Staff level approval for signage that complies w/ sign code (even in planned developments with prior discretionary)
- No discretionary permit amendment needed
City follows an extensive public outreach process:
- Code Monitoring Team (frequent code users)
- Community Planners Committee (community advocates)
- Technical Advisory Committee (land development experts)
- Widely distribute email blast of draft code language
- Meetings with other key stakeholder groups
- Planning Commission
- Council Committee on Smart Growth and Land Use
- City Council
- State Approvals: Airport Authority and Coastal Commission

Anticipate discussion to start September 2014
Thank you for Joining
The APA San Diego Section

PLANNING FOR BREWERIES
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For Additional Program Recommendations Contact:
Renée Yarmy
APA San Diego Section – Board Member
Programs Co-Chair
email: renee.yarmy@cardno-gs.com