



ZONING COMMITTEE OF THE PLAN COMMISSION

Wednesday, February 19, 2014
7:00 P.M.

Lorraine H. Morton Civic Center, 2100 Ridge Avenue, Room 2403

AGENDA

1. CALL TO ORDER / DECLARATION OF QUORUM

2. MINUTES: Approval of November 20, 2013 Meeting Minutes

3. NEW BUSINESS

A. TEXT AMENDMENT TO THE ZONING ORDINANCE

14PLND-0006

Consider a text amendment, to City Code § 6-18-1 *Definitions* to discuss the zoning definition and land use regulations for Micro-Breweries.

4. ADJOURNMENT

The next Zoning Committee of the Plan Commission meeting is scheduled for **WEDNESDAY, March 19, 2014** at 7 P.M. in room 2403 of the Lorraine H. Morton Civic Center.

Order of agenda items are subject to change. Information about the Zoning Committee of the Plan Commission is available online at: <http://www.cityofevanston.org/plancommission>. Questions can be directed to Melissa Klotz, Zoning Planner, at 847-448-8153 or by e-mail at mklotz@cityofevanston.org.

The City of Evanston is committed to making all public meetings accessible to persons with disabilities. Any citizen needing mobility or communications access assistance should contact the Community and Economic Development Department 48 hours in advance of the scheduled meeting so that accommodations can be made at 847-448-8683 (Voice) or 847-448-8064 (TTY).



Memorandum

To: Zoning Committee of the Plan Commission Members

From: Damir Latinovic, Neighborhood and Land Use Planner

Subject: Text Amendment Proposal for Micro-breweries

Date: February 19, 2014

Proposal Overview

The City is proposing to define and establish land use regulations for Micro-breweries. Such facilities typically fall between a brewpub restaurant and a large scale industrial size brewery and are currently absent from the City's Zoning Ordinance.

Background

On January 10, 2014 the City received a Special Use application for Common Culture, a "nano-brewery" at 825 Chicago Avenue. The proposed "nano-brewery", as described by the applicant, is a small craft brewery operation with capacity to brew up to 21,000 Gallons (666 Barrels) of craft beer per year. The proposed use would occupy a 1,500-square foot unit in the rear of the existing two-story mixed use building. The applicant will be selling the beer as a wholesaler to local residents or directly to local restaurants. Phase II of the business plan calls for expansion of the business within the building to increase the production capacity up to 50,000 Gallons (1,587 Barrels)

The applicant submitted a Special Use application with the intent to match the requirements for a micro-distillery which is permitted as a Special Use at this location. However, because of the retail nature of the business particularly during the initial small scale production, the proposed use is classified as Retail Goods Establishment. The property, commonly known as 825 Chicago Avenue, is zoned C1a, Commercial Mixed Use District where Retail Goods Establishments are permitted by-right. As such, the proposed use is permitted by-right. However, any expansion of the operation (i.e. Phase II) would no longer qualify as Retail Goods Establishment.

Types of Breweries

The local small-scale breweries are a relatively new type of use. Due to economies of scale in production, distribution, marketing and advertising, national and regional breweries have dominated the beer industry for decades. Starting in the 1980s small scale independent breweries emerged as a competitive market segment within the beer industry.

Since the turn of the 21st century, the demand for independent local products within the beer industry led to a significant rise of small-scale breweries as a new type of use.

Since that time, local liquor codes and zoning ordinances have started adopting regulations to address the specific issues and potential impacts of these uses on surrounding properties. The intent of the regulations is to create space for smaller breweries to operate outside of industrial districts.

Generally speaking there are four types of breweries found across the country:

1. Nano-Brewery: A very small-scale production of craft beer with distribution to a limited area with beer production in very small quantities (typically three barrels or less).
2. Brew-Pub: A restaurant that is also a brewery. The beer is brewed primarily for sale in the restaurant and bar.
3. Micro-Brewery (or Craft-Brewery): A small scale brewery with production limitation that usually does not exceed 30,000 barrels per year.
4. Regional Brewery: A large-scale brewery with annual beer production that usually exceeds 30,000 barrels

The production and consumption of craft beer is regulated on the federal level by the Alcohol and Tobacco Tax and Trade bureau (TTB) through issuance of a license. The State of Illinois also regulates production of alcohol through the Liquor Control Act by issuing appropriate licenses based on the applicant's business model.

Other Municipalities

Most other municipalities also regulate the production and consumption of craft beer through either the Zoning Ordinance, Liquor Code or both.

A vast majority of municipalities rely on the local liquor code to define and regulate craft beer production. All liquor codes typically have separate definitions for brewpubs, micro-breweries and larger scale breweries limiting them in size, production, on-site consumption and even size of sampling containers.

The majority of zoning ordinances in Illinois do not have specific definitions and land use regulations for micro(craft) breweries. Most surrounding towns, including Oak Park, Chicago, Naperville and Aurora generally allow restaurants with accessory craft-breweries, a use commonly known as a brewpub, as a permitted use in business and commercial districts. Other types of small and large breweries are not defined but are generally allowed as permitted light-manufacturing uses in industrial and manufacturing districts.

The closest municipality that specifically includes land use regulations for a micro-brewery in its Zoning Ordinance is the Village of Plainfield southwest of Chicago which defines a brewpub as a restaurant that brews beer as an accessory use, and a micro-brewery as a facility for the production and packaging of malt beverages for retail and for wholesale distribution, with a capacity of not more than 15, 000 barrels per year.

Evanston Existing Regulations

The City of Evanston also relies heavily on the Liquor Code for specific regulations on craft beer production. The city's Liquor Code includes a specific definition for a Brew Pub.

The Liquor Code's definition of a Brew Pub is:

BrewPub: A manufacturer of beer only at a designated premises to make sales to importing distributors, distributors, and to nonlicensees for use and consumption only, who stores beer at the designated premises, and who is allowed to sell at retail from the licensed premises, provided that a brew pub licensee shall not sell for off premises consumption more than fifty thousand (50,000) gallons per year."

The Zoning Ordinance does not specifically define a Brewpub, but does permit restaurants to have micro-breweries on-site as an accessory use.

The City also currently has 32 different liquor licenses including a license for a Craft Distillery and a license for a Craft-Brewery.

The Craft-Distillery license is primarily intended for the production and storage of spirits and alcohol other than beer with a limit of 35,000 gallons per year. The license further limits the amount and type of on-site sampling and prohibits the sale of alcohol for on-premise consumption.

The Zoning Ordinance includes a similar definition for a Micro-Distillery. The use is defined as:

Micro-Distillery: A facility that produces alcoholic beverages in quantities not to exceed thirty-five thousand (35,000) gallons per year and includes an accessory tasting room. A tasting room allows customers to taste samples of products manufactured on-site and purchase related sales items. Sales of alcohols manufactured outside the facility are prohibited.

The existing land use regulations for Micro-Distilleries are outlined in the table below:

	C-1	C1a	C2	B1	B2	B3	B1-A
Micro-Distillery	S	S	S	S	S	S	S

S - Special Use

The Craft-Brewery license in the Liquor Code authorizes on-site production and storage of beer in quantities not to exceed 930,000 gallons (30,000 barrels) per year. The license further limits the amount and type of on-site sampling and prohibits the sale of alcohol for on-premise consumption.

The Zoning Ordinance does not have a similar definition for a Craft- or Micro-Brewery. This type of use would be classified as a light manufacturing use. The existing land use regulations for a light-manufacturing use are outlined in the table below:

	MU	MUE	MXE	I1	I2	I3	RP
Light-Manufacturing	P	P	P	P	P	P	P

P - Permitted Use

Proposed Regulations

Based on the trend of development in the craft beer industry and the application received for 825 Chicago Ave, staff believes the Zoning Ordinance should include a separate definition and land use regulations for a Micro-Brewery to differentiate this type of use from a large-scale brewery production typically found in industrial districts.

Since the Micro-Distillery definition in the Zoning Ordinance is closely aligned with the Craft-Distillery regulations in the Liquor Code, staff recommends a Micro-Brewery definition that is closely aligned with the Craft-Brewery regulations in the Liquor Code. Staff recommends the following definition for a Micro-Brewery:

Micro-Brewery: A facility that produces fermented malt beverages on site in quantities not to exceed 930,000 gallons (30,000 barrels) per year and includes an accessory tasting room. The tasting room allows customers to taste samples of products manufactured on-site and purchase related sales items. Sales of alcohols manufactured outside the facility are prohibited.

Since the anticipated impact of such facilities is similar to other breweries and falls between that of a Micro-Distillery and a large-scale brewery, staff recommends allowing the Micro-Brewery as a Special Use in the same districts where the Micro-Distillery is allowed as a Special Use and also allowing them as a permitted use in the same districts where a light-manufacturing use (where a typically brewery would fall under) is allowed. As such, when an application for a Micro-Brewery is received in the C and B districts, a special use review and approval must be granted whereby specific conditions of each site and proposed business operation can be evaluated.

The proposed land use regulation is summarized in the table below:

	C-1	C1a	C2	B1	B2	B3	B1-A	MU	MUE	MXE	I1	I2	I3	RP
Micro-Brewery	S	S	S	S	S	S	S	P	P	P	P	P	P	S

S - Special Use, P - Permitted Use

Attachments

Special Use application for Common Culture

Zoning Map link: <http://www.cityofevanston.org/maps/pdfs/ZoningDistrictMap.pdf>

Paragraph P and P-1 of Section 3-4-6 Classification and License Fees from the Title 3 – Chapter 4 of the Liquor Control Regulations