

## COMMISSION ACTION FORM

**SUBJECT: ZONING ORDINANCE TEXT AMENDMENT PERMITTING SMALL PRODUCTION FACILITIES IN COMMERCIAL ZONES, INCLUDING MICROBREWERIES**

### **BACKGROUND:**

The owner of the Olde Main Brewing Company (GSS BB, LLC) has requested a text amendment to allow for the construction of a production brewery facility in conjunction with an event center and tap room in the Highway Oriented Commercial (HOC) zoning district. (See Attachment A) The applicant desires to move its brewery facility from the current downtown location to allow for expansion of production to serve a wider distribution area and create a large event gathering facility.

**The request centers upon allowing for the manufacturing and production use of a “brewery” in a commercial zoning district.** Article 5 of Chapter 29 describes and categorizes types of uses for listing within each zoning district. Ames limits principal manufacturing uses to its industrial zoning districts. The City allows for manufacturing and production uses within commercial areas when they are for the purpose of producing materials for use or resale on site and as an accessory use to the principal use. The current Olde Main restaurant and brewery and the new Torrent Brewing Company operate under this definition at their respective downtown locations. The applicant's other requested uses of event center and service of beer are allowed as Entertainment, Restaurant, and Recreation uses within the HOC zoning.

Olde Main Brewing made a similar request in 2011 to allow for an event center use with a brewery to be located in a General Industrial zoning district. The City approved the amendment to the General Industrial zoning district to allow for event center use in conjunction with a manufacturing use. The applicant did not proceed with the intended project upon approval of the text amendment by the City Council.

In discussion with staff, the applicant indicates a desire to build and operate a 25,000 square foot facility that could produce between 15,000 to 25,000 barrels of beer annually. A barrel of beer equates to approximately 31 gallons. This would be five to ten times the current production capacity of Olde Main. To put this in another context, the Brewers Association trade group estimates that in 2013 the state of Iowa produced just less than 30,000 barrels of beer while the state of Minnesota produced over 300,000 barrels. There are no well known national or regional breweries in Iowa, while Minnesota is the home of Summit Brewing and Surley Brewing, whom are two larger craft brewers that exceed production of 100,000-200,000 barrels annually, in addition to the large number of smaller microbreweries. Nationally, there was approximately 196 million barrels of beer produced with 15 million of it by craft brewers.

Breweries commonly have grain bin storage adjacent to the building, likely 30 feet or less in height. They are served by typical semi-truck deliveries similar to a restaurant or other large retail use. The hours of operation will vary depending on the annual output

and the size of the production system. Production systems are described in their barrel capacity for one session of brewing. Brewing will take approximately eight hours for a batch before being transferred to fermentation tanks where the beer will ferment from 2 to 4 weeks, depending on the varietal. The storage and fermentation capacity often dictates the size of the facility rather than the brewing capacity.

The question of allowing a production use in a commercial zone relates to the purpose of a base commercial zoning district. In this case we are considering if allowing for a small production use meets City interests for economic development and social activity, while preserving appropriate commercial lands and compatibility with neighboring properties. The small production issue could relate to more than alcohol product sales of beer, distilled spirits, and wine, and could relate to other food uses with large manufacturing/distribution components, such as bakeries, candy shops, and coffee roasters. Standard retail or restaurant/café uses that produce items primarily for consumption on site would not meet the definition of a manufacturing use that is purpose of this report.

### Definition of Use Options

Common industry terminology includes the term microbrewery for an establishment that produces up to 15,000 barrels a year of which 75% are sold for off-site consumption. A brewpub would produce beer primarily for consumption on site. A craft brewer is broad term meant to distinguish the brewers that exceed the microbrew levels but do not reach the capacity of the largest national brewers. Craft beer examples include Samuel Adams as the largest producer at over 2 million barrels a year, but with many regional breweries fitting this definition as well in the 200,000 barrel a year range. Wineries and distilleries do not appear to have as neatly defined sizes by trade organizations for reference.

However, these industry terms are not always used to establish zoning definitions. The most common term would likely be microbrewery and the 15,000 barrel limit, but it varies greatly from less than 3,000 barrels to significantly more at 60,000 barrels. This wide range of definition exists because of the variety of industrial and commercial areas these facilities may locate in different communities and what part of the brewery and tap room use a city is concerned about managing. State regulation on alcohol production and sales also vary considerably from state to state.

It appears that the volume of production can scale up quickly without a substantially larger building size. This can be due to the layout of the facility and the number of hours it operates. To staff, there does not appear to be large difference in facility sized to produce 15,000 barrels and 30,000 barrels. Smaller production facilities can be sized in rather small buildings of less than 5,000 square feet.

The trend recently with microbreweries is to include or allow for use of tasting rooms or tap rooms where for on-site consumption of the product and promotion of the brand. This varies in format from a small drinking area, a full bar, or restaurant along with the brewery.

Planning and Zoning Commission can make a recommendation on the description of the proposed microbrewery use and how it is sized. Planning and Zoning Commission could define the term to also include the event space planned by the applicant if it would like to narrow the applicability of the amendment. The definition could include a limit on size or capacity. Some cities define different process for approval based on size, smaller facilities may be by right and larger facilities required. For example Coralville, uses 650 gallons a day (approximately 8,000 barrels annually) to separate the types of permits. Ft. Collins Colorado allows microbreweries at 15,000 barrels annually by right in many locations, and requires discretionary permits for others. Aurora and Denver Colorado allow breweries of 60,000 and 50,000 barrels as microbreweries and may locate in commercial or industrial areas.

**Staff recommends that the definition of small-production facility of microbrewery, distillery, or winery should include a requirement to have retail and service component of tasting room or restaurant to be considered as a commercial use rather than an industrial use.** Staff does not recommend limiting the definition by restricting it to only facilities with event space.

#### Approval Process Options

The approval process has three options. The use could be considered allowed by right through administrative approval of a minor site development plan. This is the process for most commercial uses, including entertainment, restaurant, and recreation uses. The second option would be for a discretionary review by the Zoning Board of Adjustment of an Exception or a Special Use Permit. This would be a means of having case-by-case review of the proposed use and its suitability at a specific location. The third option would be to require City Council approval of the use and site plan with a Major Site Development Plan. This would also be a means of considering a project on case by case basis focused on the site plan design and layout. Criteria for a Special Use Permit and a Major Site Development Plan are included as Attachment B.

**Staff believes the use of the discretionary review by the Zoning Board of Adjustment of a Special Use Permit is the appropriate means to control the intensity and mix of uses with the microbrewery type of use.** This would require a Special Use Permit regardless of the size of facility. It would allow for individual review of the size and capacity of facility in consideration of its surroundings and design.

#### Zoning District Options

The City's Land Use Policy Plan supports concentrated commercial uses with complementary uses to increase economic activity in focused areas. A stand alone production use would not meet that goal on its own in a commercial area and would appropriately belong in an industrial area. Allowing for a large amount of production uses in commercial zones would also concern staff as there is a limited supply of well suited convenient commercial land while there is industrial land available for manufacturing uses. However, when a production use accentuates an area and supports vitality through its retail or service component then it can fit well within a commercial area and be consistent with the Land Use Policy Plan and the purpose of a commercial zoning district. **A small brewery may help attract people from a citywide, regional, or even larger market area, if it provides services or products**

**to customers, such as tours, gathering area, and event space. However, a large factory without a customer component could detract from the activity and visual interest that helps commercial uses.**

The applicant desires to locate in HOC zoning. HOC zoning is the most common commercial zone in the City. It is intended to:

*“ . . . allow auto-accommodating commercial development in areas already predominantly developed for this use. The zone allows a full range of retail and service businesses with a large local or citywide market. Development is expected to be generally auto-accommodating, with access from major traffic ways. The zone's development standards are intended to promote an open and pleasant street appearance; development that is aesthetically pleasing for motorists, pedestrians and the businesses themselves; and compatibility with adjacent residential areas.”*

HOC locations range from areas along west Lincoln Way outside of Campustown to central areas of Lincoln Way by Grand Avenue, all along South Duff, and areas along South and Southeast 16<sup>th</sup> Street. (See Attachment C Commercial Zoning Map) With this wide diversity of allowed uses and locations in the City, HOC has a larger range of interactions with residential and commercial uses than other zoning types in the City.

The microbrewery's primary use will be an industrial type use of manufacturing, but its ties of the retail and service use of a taproom gives the microbrewery the sense of a commercial use. Staff's review of Iowa cities reveals that microbreweries commonly are within industrial areas, but smaller facilities are also plentiful in commercial areas. Coralville appears to have the largest facility of Backpocket Brewing located in purely commercial zoning area. Backpocket is sized to produce up to 25,000 barrels a year.

The use could be considered in other commercial zoning districts or within industrial zoning districts. While other microbreweries may not desire the applicant's scale of 25,000 barrels of production, smaller producers may want the flexibility of selling more products for off-site consumption than on site, as is allowed currently under the code. Allowing for small production facilities that include a commercial component could then be extended to areas such as Downtown, or Somerset, Campustown, etc. Alternatively, the brewery use may be found to not be desirable in commercial areas and in that case the City would only allow it in industrial zones with other uses categorized as manufacturing.

**Staff recommends that the use be allowed within HOC, Downtown, and Campustown.** These are all zoning districts meant for a larger scale of use and as commercial destinations. Somerset is meant for neighborhood scale uses and would not be an appropriate fit for a production brewery use.

## **ALTERNATIVES:**

1. The Planning and Zoning Commission can recommend the City Council adopt an ordinance that includes:
  - a. Definition of a small-production facility of a microbrewery, distillery, and winery that includes retail and service commercial restaurant, tasting, or tap room.
  - b. Require a Special Use Permit for a small production facility
  - c. Amend Highway Oriented Commercial, Downtown, and Campustown Service Commercial zoning districts to allow for small-production facilities with approval of Special Use Permit.
2. The Planning and Zoning Commission can recommend alternative standards, definitions, or zoning districts for a small-production facility to the City Council.
3. The Planning and Zoning Commission can request additional information before making a recommendation to the City Council.
4. The Planning and Zoning Commission can recommend denial of the text amendment to the City Council.

## **RECOMMENDED ACTION:**

Popularity of small-production alcohol facilities is increasing in the Midwest and nationally. In other communities, breweries have demonstrated entertainment and tourism value. Establishing the proper location for such businesses is a complicated policy challenge to balance competing interests.

Staff believes the appropriate balance can be struck by allowing for the production brewery use in combination with traditional commercial uses of retail, restaurant, or bar uses and requiring case-by-case review as a Special Use Permit. With the thought that the use can be an activity generating use, staff also recommends it be allowed in three of our commercial zoning districts of Highway Oriented Commercial, Campustown Service Center, and Downtown Service Center.

## ATTACHMENT A

Scott Griffen  
GSS BB, LLC  
PO Box 1928  
Ames, Iowa 50010

March 2, 2015

Honorable Mayor Anne Campbell and  
Members of Ames City Council  
515 Clark Avenue, PO Box 811  
Ames, Iowa 50010

Dear Honorable Mayor and Members of Ames City Council,

I am writing to ask your assistance with a zoning limitation I have encountered. I would like to locate a brewery and convention center at 1615 South Kellogg Street. I have enclosed an aerial of the site I have optioned for the project. The current zoning would allow for the convention center, but not the brewery.

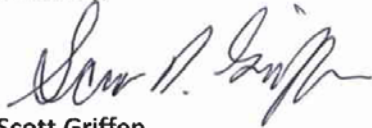
Convention and meeting space is limited in Ames, I would like to provide additional options to continue to bring groups to Ames and provide a unique environment for various events and occasions.

The type of project I am proposing is gaining popularity across the United States, with a similar example located in Minneapolis, Minnesota called Surly Brewing Company.

Identifying a location within the Ames community that provides a successful location and a location that allows both activities is very limited because the project will have both industrial (brewery) and commercial (convention center) uses. The available land at 1615 South Kellogg is the only property I could currently identify within the community meeting the criteria for successful location. With other similar projects being accommodated in communities, I would ask for your assistance with the zoning ordinances to allow my project to move forward.

Other activities I am undertaking to assist with making the project successful is applying for financial assistance from the Iowa Economic Development Authority. At this time I have submitted an application for consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott D. Griffen", written over a horizontal line.

Scott Griffen  
President of GSS BB, LLC

## Attachment B

### Major Site Plan Criteria 29.1502.4

(vii) City Council Decision. After the transmittal of the recommendation from the Planning and Zoning Commission, the City Council shall consider the application at a public hearing conducted as part of a regularly scheduled meeting. Notification of the public hearing shall be made by mail and posting, in accordance with Sections 29.1500(2)(d)(i) and (iii) above. The City Council must approve, deny or modify the Major Site Development Plan approval application within 60 days of the public hearing.

(d) Design Standards. When acting upon an application for a major site plan approval, the City Council shall rely upon generally accepted site planning criteria and design standards. These criteria and standards are necessary to fulfill the intent of the Zoning Ordinance, the Land Use Policy Plan, and are the minimum necessary to safeguard the public health, safety, aesthetics, and general welfare. These criteria and standards include:

(i) The design of the proposed development shall make adequate provisions for surface and subsurface drainage to limit the rate of increased runoff of surface water to adjacent and down stream property;

(ii) The design of the proposed development shall make adequate provision for connection to water, sanitary sewer, electrical and other utility lines within the capacity limits of those utility lines;

(iii) The design of the proposed development shall make adequate provision for fire protection through building placement, acceptable location of flammable materials, and other measures to ensure fire safety;

(iv) The design of the proposed development shall not increase the danger of erosion, flooding, landslide, or other endangerment to adjoining and surrounding property;

(v) Natural topographic and landscape features of the site shall be incorporated into the development design;

(vi) The design of interior vehicle and pedestrian circulation shall provide for convenient flow of vehicles and movement of pedestrians and shall prevent hazards to adjacent streets or property;

(vii) The design of outdoor parking areas, storage yards, trash and dumpster areas, and other exterior features shall be adequately landscaped or screened to minimize potential nuisance and impairment to the use of adjoining property;

(viii) The proposed development shall limit entrances and exits upon adjacent streets in order to prevent congestion on adjacent and surrounding streets and in order to provide for safe and orderly vehicle movement;

(ix) Exterior lighting shall relate to the scale and location of the development in order to maintain adequate security, while preventing a nuisance or hardship to adjacent property or streets;

(x) The proposed development shall ensure that dust and other forms of air pollution, noise disturbances, odor, glare, and other nuisances will be limited to acceptable levels as prescribed in other applicable State and City regulations; and

(xi) Site coverage, building scale, setbacks, and open spaces shall be in proportion with the development property and with existing and planned development and structures, in adjacent and surrounding property.



## Attachment B

### Special Use Permit 29.1503(4)

(4) **Review Criteria.** Before a Special Use Permit application can be approved, the Zoning Board of Adjustment shall establish that the following general standards, as well as the specific standards outlined in subsections (b), (c), and (d) below, where applicable, have been or shall be satisfied. The Board's action shall be based on stated findings of fact. The conditions imposed shall be construed as limitations on the power of the Board to act. A mere finding that a use conforms to those conditions or a recitation of those conditions, unaccompanied by specific findings of fact, shall not be considered findings of fact for the purpose of complying with this Ordinance.

(a) **General Standards.** The Zoning Board of Adjustment shall review each application for the purpose of determining that each proposed use meets the following standards, and in addition, shall find adequate evidence that each use in its proposed location will:

(i) Be harmonious with and in accordance with the general principles and proposals of the Land Use Policy Plan of the City;

(ii) Be designed, constructed, operated, and maintained so as to be harmonious in appearance with the existing or intended character of the general vicinity and that such a use will not change the essential character of the area in which it is proposed;

(iii) Not be hazardous or disturbing to existing or future uses in the same general vicinity;

(iv) Be served adequately by essential public facilities and services such as highways, streets, police, fire protection, drainage structure, refuse disposal, water and sewage facilities, and/or schools;

(v) Not create excessive additional requirements at public cost for public facilities and services;

(vi) Not involve uses, activities, processes, materials, equipment or conditions of operation that will be detrimental to any person, property or general welfare by reason of excessive production of traffic, noise, smoke, fumes, glare, or odors; and

(vii) Be consistent with the intent and purpose of the Zone in which it is proposed to locate such use.

(b) **Residential Zone Standards.** The Zoning Board of Adjustment shall review each application for the purpose of determining that each proposed use in a residential zone meets the following standards, as well as those set forth in Section 29.1503(4)(a) above and, in addition, shall find adequate evidence that each use in its proposed location will:

(i) Not create excessively higher levels of traffic than the predominant pattern in the area and not create additional traffic from the proposed use that would change the street classification and such traffic shall not lower the level of service at area intersections;

(ii) Not create a noticeably different travel pattern than the predominant pattern in the area. Special attention must be shown to deliveries or service trips in a residential zone that are different than the normal to and from work travel pattern in the residential area;

(iii) Not generate truck trips by trucks over 26,000 pounds g.v.w (gross vehicular weight) to and from site except for food delivery vehicles, waste collection vehicles and moving vans;

*(Ord. No. 4159, 9-24-13)*

(iv) Not have noticeably different and disruptive hours of operation;

(v) Be sufficiently desirable for the entire community that the loss of residential land is justifiable in relation to the benefit;

(vi) Be compatible in terms of structure placement, height, orientation or scale with the predominate building pattern in the area;

(vii) Be located on the lot with a greater setback or with landscape buffering to minimize the impact of the use on adjacent property; and

(viii) Be consistent with all other applicable standards in the zone.

(c) **Commercial Standards.** The Zoning Board of Adjustment shall review each application for the purpose of determining that each proposed use located in a commercial zone meets the following standards as well as those set forth in Section 29.1503(4)(a) above and, in addition, shall find adequate evidence that each use in its proposed location will:

(i) Be compatible with the potential commercial development and use of property planned to occur in area;

(ii) Represent the sufficiently desirable need for the entire community that the loss of commercial land is justifiable in relation to the benefit; and

(iii) Be consistent with all other applicable standards in the zone.



Attachment C  
See 11x17 Printed City Zoning Map

## ATTACHMENT D – LAND USE POLICY PLAN

### **Related Goals and Objectives**

**Goal No. 1.** Recognizing that additional population and economic growth is likely, it is the goal of Ames to plan for and manage growth within the context of the community's capacity and preferences. It is the further goal of the community to manage its growth so that it is more sustainable, predictable and assures quality of life.

**Objectives.** In managing growth, Ames seeks the following objectives.

- 1.A. Ames seeks to diversify the economy and create a more regional employment and market base. While continuing to support its existing economic activities, the community seeks to broaden the range of private and public investment.

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**Goal No. 2.** In preparing for the target population and employment growth, it is the goal of Ames to assure the adequate provision and availability of developable land. It is the further goal of the community to guide the character, location, and compatibility of growth with the area's natural resources and rural areas.

**Objectives.** In assuring and guiding areas for growth, Ames seeks the following objectives.

2.A. Ames seeks to provide between 3,000 and 3,500 acres of additional developable land within the present City and Planning Area by the year 2030. Since the potential demand exceeds the supply within the current corporate limits, alternate sources shall be sought by the community through limited intensification of existing areas while concentrating on the annexation and development of new areas. The use of existing and new areas should be selective rather than general.

2.B. Ames seeks to assure the availability of sufficient suitable land resources to accommodate the range of land uses that are planned to meet growth. Sufficient land resources shall be sought to eliminate market constraints.

2.C. Ames seeks a development process that achieves greater compatibility among new and existing development.

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**Goal No. 4.** It is the goal of Ames to create a greater sense of place and connectivity, physically and psychologically, in building a neighborhood and overall community identity and spirit. It is the further goal of the community to assure a more healthy, safe, and attractive environment.

**Objectives.** In achieving an integrated community and more desirable environment, Ames seeks the following objectives.

4.C. Ames seeks to psychologically connect the various living/activity areas through closer proximity of residential areas and supporting commercial uses, common design elements, and inclusion of community amenities such as parks and schools. The connections should promote community identity.

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