



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: March 1, 2013

TO: Members of the Technical Advisory Committee

FROM: Amanda Lee, Senior Planner, Development Services

SUBJECT: Land Development Code Amendments Related to Microbreweries

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Staff is requesting that the Technical Advisory Committee provide a recommendation to the City Council regarding proposed amendments to the Land Development Code (LDC) to allow manufacturers of malt beverages or distilled spirits to develop an accessory restaurant or tasting room up to a maximum of 25 percent of the total gross floor area dedicated to manufacturing use. The restaurants and tasting rooms covered by the ordinance would be located only in industrial zones and must be incidental and subordinate to a primary beverage manufacturing component at least 12,000 square feet in size.

Craft beer manufacturing is an important base sector industry cluster as noted in the City's Draft Economic Development Strategy. The resulting economic activity from craft beer manufacturing generates additional jobs in wholesale, retail, and various service sectors at a ratio of 5.7:1, thus generating significant economic benefits to the City as a whole. In addition, the sale of prepared food and craft beer for consumption on site generates net new sales tax revenue for the City's General Fund.

Staff is aware of at least two craft beer manufacturers that are actively seeking sites in the region, and are reportedly evaluating sites outside the City of San Diego due to the limited number of industrial sites and buildings at feasible prices within the City. Staff understands that the allowable size for an accessory restaurant or tasting room is a key factor that is considered during the site selection process by beverage manufacturers, and that the larger craft beer manufacturers are seeking sites in industrial zones that can accommodate new or expanded breweries with full-service restaurants in order to introduce more customers to their products that are manufactured on the same premises. The proposed amendment to LDC Section 131.0623 will allow for manufacturers of malt beverages or distilled spirits at least 12,000 square feet in size to have an accessory restaurant or tasting room that is greater than 3,000 square feet in gross floor area.

The proposed amendment is being processed in accordance with the typical code update process. In addition to TAC, recommendations are also being requested from the Code Monitoring Team and Community Planners Committee, prior to presentation to the Planning Commission and City Council.

Following is the proposed amendment to Section 131.0623(b) in strikeout-underline format:

**§131.0623 Additional Use Regulations of Industrial Zones**

- (b) Eating and drinking establishments are permitted subject to the following:
- (1) Individual establishments are limited to 3,000 square feet of *gross floor area*, except where provided in accordance with Section 131.0623(b)(4);
  - (2) No live entertainment is permitted on the *premises*; and
  - (3) No drive-through services are permitted.
  - (4) Industrial *development* with at least 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 greater than 3,000 square feet 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.*

If you have any questions, please feel free to contact me at (619) 446-5367 or [ajohnsonlee@sandiego.gov](mailto:ajohnsonlee@sandiego.gov).



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