



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: March 14, 2013

TO: Members of the Community Planners Committee

FROM: Amanda Lee, Senior Planner, Development Services

SUBJECT: Land Development Code Amendments Related to Microbreweries

Staff is requesting that the Community Planners Committee provide a recommendation to the City Council regarding proposed amendments to the Land Development Code (LDC) to modify the allowable size for development of a restaurant in an industrial zone. The proposed amendment to LDC Section 131.0623 will allow for manufacturers of malt beverages or distilled spirits to have an accessory restaurant or tasting room that is greater than 3,000 square feet, but no greater than 25 percent of the total gross floor area dedicated to manufacturing use. Other types of standalone restaurants would continue to be allowed as a primary use in all commercial zones and in most industrial zones, but would not be allowed to exceed the existing 3,000 square feet limit in industrial zones (unless developed accessory to a beverage manufacturer).

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 is being processed in accordance with the typical code update process. On March 13, 2013, the Technical Advisory Committee and Code Monitoring Team considered the ordinance and each recommended approval by a 9-0 vote.

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.



Amanda Lee
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