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## Planning February 2015

### IN THIS ISSUE:

[Welcome to Beer Country](#) ▼

# Welcome to Beer Country

Small breweries are a big deal — and some cities are courting them.

*By Allen Best*

In the old mining town of Butte, Montana, economic stability in the red-brick downtown comes one craftily brewed mug of beer at a time.

Downtown Butte is called Uptown — because it literally is. It was erected on Butte Hill, once called the "richest hill on Earth" because of its vast deposits of copper and other precious minerals. Early in the 20th century, Butte had a population of 60,000 and maybe more. Then, in 1982, the mine closed, followed by a nearby smelter. Soon after, a Superfund cleanup was ordered.

"The 1980s was a tough decade," says Jon Sesso, Butte's planning director. The mine reopened after a few years and Butte's population has stabilized at 35,000. It's an ongoing challenge, however, to draw travelers from Interstate 90, which is located a mile away and several hundred feet lower, to Uptown's historic charms.

Quarry Brewing has been one of those draws. Opened in 2007, it occupies the street level of the five-story Grand Hotel. It was the first new brewery in a long time in a city that once had four major breweries. Another recent venture is Butte Brewing Company. Together the two microbreweries play into the city's efforts to develop tourist-drawing festivals. "It's just as much part of our economic development strategy right now as anything else," says Sesso.

Butte is part of a still-growing national trend: the proliferation of craft breweries and their close cousins, craft distilleries and small wineries. Nationally, the craft brewery sector has added 5,000 jobs annually in recent years, according to the Brewers Association.

In defining craft breweries, the trade group emphasizes traditional ingredients and smaller production. Julia Herz, the association's craft beer program director, says 94 percent of the nation's 3,200 breweries produce fewer than 15,000 barrels a year. She also points to local or at least domestic ownership as a distinguishing characteristic.

While overall beer consumption declined two percent in 2013, craft beer production grew 18 percent. Craft brewers now are responsible for 10 percent of all beer production by volume, and the trade group aims to double that to 20 percent by 2020.

In remaking the food-and-beverage landscape, craft brewers have been making it fun. Beer titles and the art created to package them often reflect local themes. Colorado's Avery Brewery has an Out-of Bounds Stout, with an image of a skier launched over a cornice, but also the whimsical Hog Heaven, billed as the first installment of the "Holy Trinity of Ales" series.

The settings can be as interesting as the brews. Doing field research one evening at Epic Brewery in Denver, I was sloshing Big Bad Baptist in my jowls, wondering if I was drinking coffee grounds or beer, when our waiter pointed toward the floor. I was astonished to see a set of rails in the concrete, leftovers from Denver's more blue-collar days, when the building housed a factory serviced by a narrow-gauge railroad. Homogeneity is not a problem in the craft sector.



## Brewers (and drinkers) wanted

In 1975, there was just one microbrewery in the nation, San Francisco's Anchor Steam. California continues to lead the way, with its small brewers responsible for nearly 20 percent of all craft beers sold in the U.S. Among the hotspots is San Diego, which as of December had 19 brewpubs and 24 breweries, with dozens more in the metropolitan area. Since 2010, the city's economic development arm has actively promoted the breweries while serving as an intermediary between brewers and city planners in such issues as parking requirements and zoning districts.

Craft breweries have proliferated in San Diego because the entry-level costs can be relatively modest and the profit margins highest when beer is sold on-site, says Russ Gibbon, business development manager of the Mayor's Office of Economic Growth Services. "The profit level on the beer itself is highest when selling it by the glass at \$4 to \$6," he says. Most craft breweries start out this way, selling on-site in tasting rooms, where little or no food is served, or in conjunction with restaurants, called brewpubs.

Permits for craft breweries are relatively easy to come by in San Diego except downtown, says Gibbon. About 80 percent of craft breweries are in industrial zones, where brewing is a use by right. "Almost every city allows breweries, even with tasting rooms, by right, in industrial zones, whereas in commercial zones they may not be allowed because brewing is essentially manufacturing," says Gibbon, speaking of the San Diego metropolitan area.

Craft beer represents a chunk of San Diego's economy. A study conducted by the National University System Institute for Policy Research found that in 2011 craft breweries collectively generated \$300 million in economic activity in San Diego County. Part of this is the simple matter of locals quaffing their favorite brews. But there's icing on the cake or, if you will, froth on the brew: The breweries themselves have become tourist attractions.

Like wine connoisseurs at a vineyard, people who know beer will visit San Diego specifically because of the breweries' reputations, says Gibbon. Tour buses for years have shuttled visitors from brewpub to microbrewery to tasting room, giving them the opportunity to buy shirts, mugs, and growlers, the sealable containers that typically hold 64 ounces of fresh beer.

Metropolitan Los Angeles has half as many craft brewers as San Diego. Tom McCormick, executive director of the California Craft Brewers Association, attributes this anomaly, in part, to steeper regulatory challenges. In contrast, other California jurisdictions — Sacramento, Sonoma County, Rancho Cordova — have actually been soliciting craft brewers.

"Smaller breweries seem to stimulate economic development and revitalization and really create a vibrant economy around them," says McCormick.



**A refreshing brew**

This brewery-induced revitalization can be found in one-time parched Fort Collins, Colorado. A university town, Fort Collins banned alcohol in 1896, well before prohibition became U.S. law in 1920. But whereas prohibition ended in 1933, Fort Collins remained dry until 1969.

Since the late 1980s, Fort Collins has slaked its thirst with a spate of new breweries. First was Anheuser-Busch, with its giant bottling plant along Interstate 25, but in 1989 two home brewers established small facilities along the railroad tracks just north of downtown. It was a place of grain elevators, cheap rents, and sparse neighbors.

"When these guys first started to come out of the basement, we didn't know what to call them," says Ted Shepard, AICP, the chief planner in Fort Collins. "We just knew the beer was really good and we wouldn't shut them down. We decided to call them light industrial, and they just happened to locate in those areas zoned light industrial."

One of those first microbreweries was Odell Brewing Company, and soon after came New Belgium, the brewer of Fat Tire. New Belgium has expanded six times in Fort Collins and is now the nation's eighth largest brewery, with a second brewery under construction in Asheville, North Carolina.

The emergence of the microbreweries didn't transform Fort Collins' old industrial section overnight. As before, Fort Collins continued to grow southward. But the old part of Fort Collins now has a whole-grained vitality absent in the franchise-dominated look-alike suburbs.

"They did not want to be in the subdivisions. They did not want to be in the strip centers and in the mall," says Shepard. "They were hip, they were young, and they wanted to be where the action was and did not want to be confined by the folks who live under HOAs, surrounded by big-box retail with large evangelical churches. They wanted food with their drink, they wanted bluegrass bands, and they wanted a vibe that wasn't south Fort Collins."

In a fundamental way, brewpubs can serve as trailblazers, much as artists long have led the way in gentrifying decayed neighborhoods. At first, the breweries, their restaurants, and tasting rooms were quite basic. The breweries didn't have money. With success, they became more polished. Of late, more have relocated to residential areas, such as west of the university campus.

Fort Collins now defines 15,000 barrels a year as the upper limit for microbreweries, 100,000 gallons a year for microwineries, and 15,000 gallons for microdistilleries.

"We don't go out and count the gallons," says Shepherd. "But our experience has been that they self-select when they get too big and will move to industrial zones. They want the loading dock, the fermentation tanks, and the 24/7 forklifts."



## Drinking problems

Can breweries create hassles, as conventional bars and taverns do? Alcohol consumption at craft breweries tends to be tempered. In Montana, tasting rooms have two-drink limits and earlier closings. "You rarely see somebody who is inebriated at a tap room, because you can only have a couple pints," says Butte's Sasso. Food served with beer dulls the effect of alcohol.

But in San Diego, Gibbon remains wary about the long-term effects of microbreweries. "I have my concerns that you won't necessarily revitalize a community by pouring alcohol over it. It's not a coffee shop. There's still a possibility for people to get into fights and urinate and all the other things that come with alcohol."

Another possible concern, especially in smaller towns, is whether a microbrewery imposes burdens on wastewater treatment facilities. In Michigan, for example, Jolly Pumpkin Artisan Ales outgrew its 10,000-square-foot quarters in an old warehouse in Dexter. It's a village of 4,000 people near Ann Arbor. Jolly Pumpkin has added a second brewery in an industrial park. Rezoning was required, but more challenging were demands imposed upon the local wastewater treatment plant by microbrewery effluent.

"In that water, there is a lot of biochemical oxygen demand, a lot of suspended solids relative to other types of effluent," explains Ron Jeffries, the brewery founder and co-owner. Bigger municipalities have larger sewage treatment facilities that are not as easily

beleaguered by one type of effluent. To address the problem, Jeffries invested in the equipment needed to pretreat his brewery's effluent.

### **Craft central**

Some cities offer tax and other incentives to brewpubs, but not so Pendleton. It's a city of nearly 17,000 in central Oregon and home to the rodeo called the Pendleton Stampede. Few people make a stampede to the downtown district during daylight, though. "I think it's fair to say our downtown is busier after 5 p.m. rather than before," says Evan MacKenzie, senior planner for the city of Pendleton.

One new face in Pendleton's downtown is the Prodigal Son. Not surprisingly, the microbrewery is located in an old automobile showroom. Microbreweries need sturdy floors, which is one reason they are found so often in industrial areas.

In Pendleton, zoning was amended to allow microbreweries, plus wineries and distilleries. Now, brewpubs of less than 50,000 gallons a year are allowed by right in commercial areas, as long as a tasting room is included. Distilleries are capped at 12,000 gallons a year. "It does give us a little extra tourism," says McKenzie.

To truly wet your whistle, he advises a 210-mile journey west on I-84 to Portland. There, on the banks of the Willamette River, is perhaps the densest congregation of craft breweries on the continent. Craft brews comprise 38 percent of the beer consumption in Portland, which has more breweries, 58 within the city proper, than any other city in the world, according to the Oregon Brewers Guild. Calculated as number of breweries per 100,000 people, Oregon leads the nation, according to the Brewers Association.

The development commission provides some assistance to craft breweries and other alcohol producers for building renovation. One area of Portland seeing a large number of both is called the Central Eastside. Originally settled in 1845, the district is located along the Willamette River, across from downtown Portland, and continues to house warehouses and industrial companies. But the area is also home to an increasing number of architects and other creative sorts, points out Shawn Uhlman, public affairs manager for the Portland Development Commission.

Park City, Utah, drew breweries by offering incentives. A one-time silver mining town, it was reborn into a shiny ski resort. But the reinvention of Main Street remained a steep challenge — literally. The street has a grade of seven percent, and so visitors stayed lower on the street, conveniently close to the ski lifts.

The local government owned land at the top of Main Street, and in 1987 it made an attractive offer to a former journalist named Greg Schirf for sale of the land. Schirf wanted to buy but still had a major hurdle. A native of Milwaukee, he had to persuade state legislators to legalize brewpubs. He jokes that legislators didn't know the difference

between a brewpub and a tavern, but in the end they approved the businesses, and 1989 he opened the Wasatch Brew Pub in Park City. It helped draw visitors up Main Street and bolster tax collections.

Despite its domination by the Church of Latter-Day Saints, which does not condone alcohol, Salt Lake City has more breweries than you might expect. Even Provo, home to the church-sponsored Brigham Young University, twitters with rumors of a planned brewery. But then, Utah has always had lots of breweries, some owned by church members.

"It's funny how the more things change, the more they stay the same," says Del Vance, who wrote *Beer in the Beehive*, a book about brewing history in Utah. The state had many breweries in its early years because beer, like food, had to be produced locally. Transportation was limited and refrigeration even more so. "Every little city, town, or whatever had its own brewery close by, if not several," he says. "Most beer was chilled in beer cellars."

Non-ice refrigeration began about 1900, but it was expensive and bulky. Then came prohibition, and about 80 percent of breweries didn't return, says Vance. By the mid-20th century, only a handful of mass-produced, mass-marketed beers remained.

Today, craft brewers continue to grow even as the older, more successful breweries sell their original equipment to a new generation of beer makers. Paul Gatz, director of the Brewers Association, points to state laws that govern liquor production and distribution as important in deciding where brewers locate. Some states have more favorable climates to start a packaging brewery than others.

Craft brewing can be seen as parallel to the local food movement. In California, local food and local suds are coming together literally as a new law allows packaged craft beer to be sold at farmers markets. Too, says the Brewers Association's Herz, there's a feel-good element to the craft sector. "What they do is not just make beer, but they often enhance and help lift up the areas there their breweries are based," she says. They celebrate passion and good causes.

Can this growth be sustained? With places like Asheville, North Carolina, and Richmond, Virginia, actively recruiting brewers, the economic landscape looks promising. The Brewers Association has knowledge of 2,000 new craft breweries planned on top of today's 3,200. Keep in mind that at the end of the 19th century, the U.S. had 4,000-some breweries but a much smaller population. As in so many things, the future looks an awful lot like the past.

*Allen Best is based in metropolitan Denver, where he edits the e-zine Mountain Town News. He is a frequent contributor to Planning.*

## RESOURCES

**Images:** Top — Raise a glass to Arrogant Bastard Ale or another of the cheekily named brews made by Stone Brewery in metro San Diego. Courtesy Stone Brewery. Middle — Vault Brewing in Yardley, Pennsylvania, is at home in a former bank built in 1889. The brewery, launched in 2012, uses the old bank's 125-year-old vault to age, condition, and tap some of the beers that are created on the other side of the vault wall. "This wonderful piece of history has been integral in the creation of our brand as well as the operation of our business," Cain says. Bottom — James Cain (right), who is Vault Brewing's co-owner with his brother John, says that the pair tried for six months to start up shop in an old golf ball factory but abandoned the plan because of significant zoning and other regulatory challenges. "This was, of course, a blessing in disguise in that we were able to make our home in an historic bank building in the same town," Cain says, noting that new businesses such as his still face plenty of similar hurdles. Photos courtesy Vault Brewing.

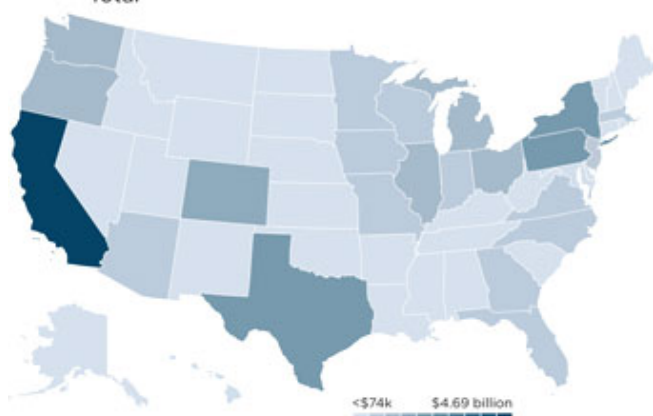
"Zoning for Small-Scale Alcohol Production: Making Space for Brewpubs, Microbreweries, Microwineries, and Microdistilleries," *Zoning Practice*, March 2014.

# Craft Beer By the Numbers

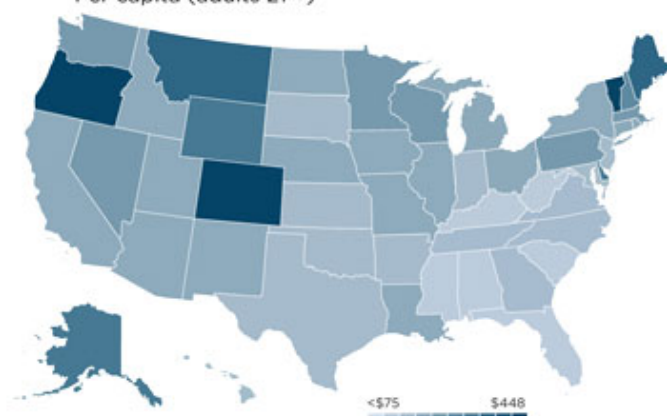


## ECONOMIC IMPACT BY STATE (2012)

Total



Per capita (adults 21 +)



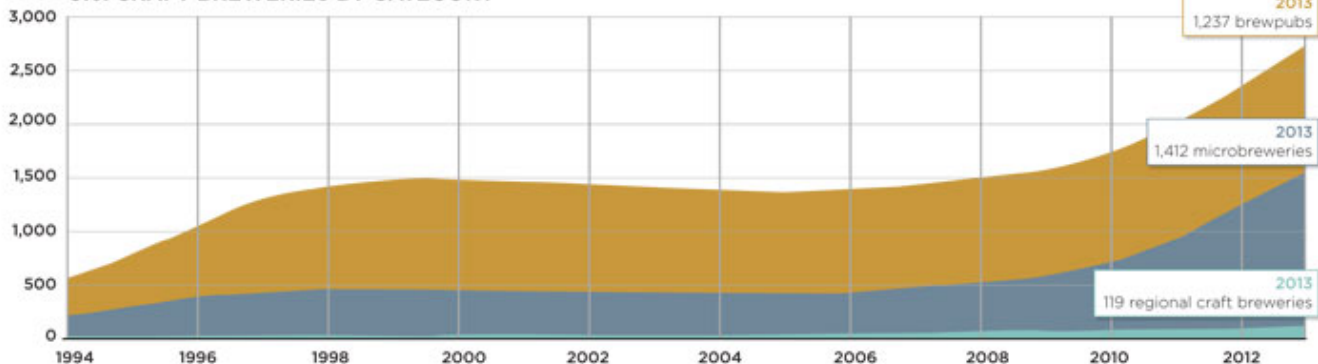
### TOP 5 STATES

| RANK | STATE        | OUTPUT        |
|------|--------------|---------------|
| 1.   | California   | \$4.7 billion |
| 2.   | Texas        | \$2.3 billion |
| 3.   | New York     | \$2.2 billion |
| 4.   | Pennsylvania | \$2.0 billion |
| 5.   | Colorado     | \$1.6 billion |

### TOP 5 STATES

| RANK | STATE    | OUTPUT   |
|------|----------|----------|
| 1.   | Oregon   | \$448.56 |
| 2.   | Colorado | \$436.50 |
| 3.   | Vermont  | \$418.57 |
| 4.   | Maine    | \$324.36 |
| 5.   | Montana  | \$315.37 |

## U.S. CRAFT BREWERIES BY CATEGORY



### REGIONAL CRAFT BREWERY

An independent regional brewery with a majority of volume in "traditional" or "innovative" beers.

### MICROBREWERY

A brewery that produces less than 15,000 barrels of beer per year with 75 percent or more of its beer sold off-site.

### BREW PUB

A restaurant-brewery that sells 25 percent or more of its beer on-site. The beer is brewed primarily for sale in the restaurant and bar.

DATA SOURCE: BREWERSASSOCIATION.ORG

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## **Growing the Raleigh Food Corridor**

*By Sarah Barr*

On the eastern edge of downtown Raleigh, a string of food-related community projects could help build a healthier city. The city's emerging "food corridor" is bookended by a hunger-relief organization's agriculture training center to the south and an urban farm two miles to the north. In between are restaurants, corner stores, farmers markets, and urban gardens.

It's a geography that a coalition of community groups sees as the backbone for a flourishing local food scene. "It's about energizing this two-mile stretch to bring the benefits of healthy food to these diverse communities," says Erin Sullivan White, the founder and principal of Community Food Lab, a design and consulting firm based in Raleigh that has led the corridor's development.

The corridor runs along Blount and Person streets, through communities with varying resources and needs. It touches Southeast Raleigh — where much of the neighborhood meets the federal government's definition of a food desert — but also passes by the governor's mansion and some of downtown's newest high-end development.

White sees the corridor's current and potential food projects as tools. Used collectively, the tools can help make interesting things happen in this and other neighborhoods, White says. A community garden could supply food to a restaurant, the chef could give a healthy cooking demonstration at the corner store, and a family shopping at the store could think about starting their own vegetable plot.

"If you cluster lots and lots of small- and medium-sized projects together in a city, then the connections are better," White says.

The food corridor idea grew out of early discussions about the city's plan for transportation improvements and economic development along the Blount-Person corridor, which was approved in July 2013.

White, who had previously worked on a minicorridor project along a single block in nearby Durham, and others interested in urban agriculture noticed how food defined the area. By the end of 2013, they had started gathering various stakeholders.

Then, last summer, the concept got another boost when the local Jamie Kirk Hahn Foundation became involved. The foundation collaborated with Community Food Lab to host a series of gatherings, such as tours of the corridor, that brought the concept to a wider audience.

White says that the foundation has given about \$10,000 to help Community Food Lab run "Second Saturday" tours and other meetings. Next, the team is discussing how to fund a strategic plan for the corridor.

### **Planners' role**

City planners have remained at the edges of the discussion about the corridor, watching to see what becomes of the concept. "They have an idea of their own, and I think the worst thing planners can do is force it," says Grant Meacci, planning and design manager at the city's Urban Design Center.

Meacci said it seems best for the groups working on the food corridor to remain nimble until they're sure of their vision and needs. That's when a strong partnership with the city could come into play. Until then, planners are valuable guides, sharing their expertise and even physical spaces, like the Urban Design Center, where groups can gather to hash out their plans, he says. "I think planners are great at helping people build capacity," Meacci adds.

The corridor has caught the attention of Advocates for Health in Action, a group that promotes healthy eating and physical activity in Raleigh and Wake County. Director Sara Merz says that the corridor complements her group's work not just by supporting local food but also by encouraging people to get out and about, visiting interesting local destinations. "If we can make public spaces feel good, it reinforces people's desire to be in those places," she adds.

White suggests that a successful food corridor could help inspire change across the city by encouraging an even larger local food system, one with economic, social, and ecological benefits. "My hope is that it helps drive a bigger conversation about food in Raleigh," he says.

*Sarah Barr is a reporter in Raleigh, North Carolina.*

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