



City of Culver City

Staff Report

File #: 18-01434, **Version:** 1

Item #: PH-1.

CC - PUBLIC HEARING: Introduction of an Ordinance Approving Zoning Code Amendment P2018-0067-ZCA, Amending Culver City Municipal Code (CCMC) Title 17: Zoning Code; Sections 17.230.015 - Industrial District Land Uses and Permit Requirements, 17.400.015 - Alcoholic Beverage Sales, and 17.700.010 - Definitions, Relating to Beverage Tasting Facilities and Artisanal Alcohol Production.

Meeting Date: July 9, 2018

Contact Person/Dept: William Kavadas / Assistant Planner
Michael Allen / Current Planning Manager

Phone Number: 310-253-5706 and 310-253-5710

Fiscal Impact: Yes ☐ No ☒

General Fund: Yes ☐ No ☒

Public Hearing: ☒ **Action Item:** ☐ **Attachments:** ☒

Commission Action Required: Yes ☒ No ☐ **Date:** June 13, 2018

Public Notification: (E-Mail) Meetings and Agendas - City Council (07/03/18); (Posted) City Website (06/25/18); (Published) in Culver City News (06/25/18)

Department Approval: Sol Blumenfeld, Community Development Director (06/29/18)

RECOMMENDATION

Staff recommends the City Council introduce an Ordinance approving Zoning Code Amendment P2018-0067-ZCA, amending Culver City Municipal Code (CCMC) Title 17, Zoning, (Zoning Code), Sections 17.230.015 - Industrial District Land Uses and Permit Requirements, 17.400.015 - Alcoholic Beverage Sales, and 17.700.010 - Definitions, Relating to Beverage Tasting Facilities and Artisanal Alcohol Production (Attachment No. 1).

PROCEDURES

1. The Mayor calls on staff for a staff report and City Council poses questions to staff as desired.
2. The Mayor opens the public hearing, and receives comments from the general public.
3. The Mayor seeks a motion to close the public hearing after all testimony has been presented.
4. City Council discusses the matter and arrives at its decision.

BACKGROUND

Beverage tasting facilities ancillary to beverage manufacturing facilities or retail establishments (i.e. grocery stores, liquor stores) and small scale production of beer, wine, and distilled spirits ancillary to bona-fide restaurant uses are a growing business sector. Craft breweries, breweries that brew small batches of specialized beer generally for local distribution, and localized craft liquor stores are largely behind this sectors growth. According to two reports (Attachments No. 2 and 3) by the American Planning Association (APA), the number of craft breweries in operation in the United States is higher today than at any point during the 20th Century. Craft beer is responsible for 10 percent of beer sales by volume in the United States. According to the APA, craft breweries often distribute their product regionally or nationally and bring new revenue into host communities. In California, the craft beer industry is responsible for approximately \$4.7 billion in economic output.

Currently, beverage tasting facilities and artisanal alcohol production are defined in the Zoning Code under “Bars and Night Clubs.” Bars and Night clubs are only permitted through a conditional use permit in commercial zones, and are not permitted in industrial zones. This runs contrary to standard industry practices related to tasting facilities, because tasting facilities are typically established in industrial zones ancillary to a beverage manufacturing facility. In addition, artisanal alcohol production ancillary to a bona-fide restaurant located in a commercial or industrial zone is not expressly permitted by the Zoning Code. As a result, business owners are unable to obtain permits or approvals in Culver City to operate either of the following:

- Tasting facilities ancillary to beverage manufacturing facilities in industrial zones or retail in commercial zones; or,
- Artisanal alcohol production ancillary to bona-fide restaurants located in commercial or industrial zones.

The proposed Zoning Code Amendment is intended to better define tasting facilities in commercial and industrial zones, as well as more clearly allow for artisanal alcohol production ancillary to restaurants in commercial and industrial zones.

On Wednesday, June 13, 2018, the Planning Commission held a public hearing and recommended to the City Council that it consider the subject Zoning Code Amendment with the following revisions:

1. Revise the draft amendment to refer to “microbreweries” as “artisanal alcohol production;” so the term includes artisanal distilled spirits;
2. Revise the gross floor area requirement related to the use as follows: Administrative use permit approval shall be applied to tasting facilities; and artisanal alcohol manufacturing facilities when the square footage of the proposed use is greater than 20 percent the gross floor area of the main use but may not be greater than 30 percent the gross floor area of the main use.

DISCUSSION

Staff proposes the following Zoning Code text amendments to facilitate and regulate beverage tasting facilities and artisanal alcohol production.

Definitions:

The following are recommended amendments to the definition for Eating and Drinking establishments:

E. Definitions, "E".

Eating and Drinking Establishments.

1. Bars and Night Clubs. Businesses where alcoholic beverages are sold for on-site consumption, which are not part of a larger restaurant. Includes bars, taverns, pubs, and similar establishments where any food service is subordinate to the sale of alcoholic beverages. May include entertainment (e.g., live music and/or dancing, comedy, and the like). May also include artisanal alcohol production that does not exceed twenty percent (20%) gross floor area unless approved by Administrative Use Permit to exceed 20% but in no case be more than thirty percent (30%) gross floor area. ~~and other beverage-tasting facilities~~ Does not include Adult Businesses.

2. Beverage Tasting Facility. A Beverage Tasting Facility means ancillary tasting of alcoholic beverage products associated with a Beverage Manufacturing use or a General Retail use when that General Retail use includes the sale of beer, wine, and distilled spirits for off-site consumption. A Beverage Tasting Facility cannot exceed twenty percent (20%) of the gross floor area of the Beverage Manufacturing or General Retail use to which it is associated unless approved by Administrative Use Permit to exceed 20% but in no case be more than thirty percent (30%) gross floor area.

3. Artisanal Alcohol Production. Manufacturing of alcoholic beverage products ancillary to a table service restaurant. Artisanal alcohol production cannot exceed twenty percent (20%) of the gross floor area of the table service restaurant of which it is a part unless approved by Administrative Use Permit to exceed 20% but in no case be more than thirty percent (30%) gross floor area.

4 2. Restaurant, Counter Service. A retail business where customers are served prepared food and/or beverages from a walk-up ordering counter, for either on- or off-premise consumption, which may include fast-food and take-out restaurants. A restaurant with drive-up or drive-through service is instead included under the definition of "Drive-in and Drive-Thru Facilities."

5 3. Restaurant, Table Service. A retail business selling food and beverages prepared on the site, where most customers are served food at tables for on-premise consumption. These restaurants may also provide food on a take-out basis and live entertainment that is clearly secondary to table service. May also include artisanal alcohol production that does not exceed twenty percent (20%) of the gross floor area of the table service restaurant unless approved by Administrative Use Permit to exceed 20% but may not exceed more than thirty percent (30%) gross floor area.

Bars and Night Clubs will no longer include a reference to tasting rooms; instead, Beverage Tasting Facilities is defined separately and permitted as an ancillary use to a beverage manufacturer or general retail use that includes the sale of beer, wine, and distilled spirits for off-site consumption. Beverage tasting will be limited to no more than 20% of the gross floor area of the primary use unless approved by an administrative use permit to exceed 20% gross floor area be may not exceed 30% the gross floor area of the primary use.

Artisanal alcohol production will be classified as part of "Restaurant, Table Service". An artisanal alcohol producer will be allowed to manufacture beer, wine, and spirits in association with a table service restaurant, provided it is ancillary and does not exceed 20% of the restaurant gross floor area unless approved by administrative use permit to exceed 20% gross floor area but may not exceed 30% of gross floor area.

Permit Process:

Beverage tasting facilities and artisanal alcohol production will not be listed as stand-alone uses in the Zoning Code land use tables. As noted in the definition above, they will be allowed ancillary to beverage manufacturing, general retail that includes alcohol sale, and table service restaurants. All these uses are currently listed in the land uses tables and will be reflected as ancillary uses within the footnotes of the Land Use table shown in Exhibit A. Beverage Tasting Facilities will be permitted the same as other types of businesses that sell alcoholic beverages for on- and/or off-site consumption, pursuant to Table 4-1 of Chapter 17.400.015 of the Zoning Code.

Table 4-1

Permit Requirements for Alcoholic Beverage Sales

Zoning District(s): Type of Establishment	Permit Requirement
CN Zoning District: 1. Alcoholic beverage sales incidental to a restaurant or retail use	AUP
CG, CD, CC, CRR, CRB, IL, IG, and S Zoning Districts: 1. Alcoholic beverage sales that are not incidental to a restaurant if located:	
a. Within 300 ft of residentially zoned property or an elementary/secondary school.	AUP
b. More than 300 ft from a residentially zoned property or an elementary/secondary school.	No use permit required
<u>1. 2.</u> Alcoholic beverage sales incidental to a restaurant if located <u>established</u> :	
a. Within 300 ft of residentially zoned property or an elementary/secondary school.	AUP
b. More than 300 ft from a residentially zoned property or an elementary/secondary school.	No use permit required
<u>c.</u> As an ancillary beverage tasting facility or artisanal alcohol production exceeding twenty percent (20%) gross floor area of the primary use, not to exceed thirty percent (30%) gross floor area of the primary use.	AUP
<u>2. 3.</u> Alcoholic beverage sales with the concurrent retailing of motor vehicle fuel.	CUP

Table 4-1 will be revised to remove redundant language to simply call out alcoholic beverage sales. A new category will be added to the table that will require an AUP whenever an ancillary tasting facility or artisanal alcohol producer wants to exceed the twenty percent (20%) threshold of maximum floor area. Per the definitions, no beverage tasting facility or artisanal alcohol producer can exceed thirty percent (30%) gross floor area. Alcoholic beverage sales with the concurrent retailing of motor vehicle fuel will still require a conditional use permit (CUP). Bar and Night Clubs are listed differently in the commercial use table and require a CUP without having to reference Table 4-1. The CUP process will determine the level of review a new bar or nightclub may require.

Footnotes will be added in use tables to ensure clarity when determining what development permits are required for beverage tasting facilities and ancillary alcohol production. Table 2-5 (Allowed Uses Commercial)

and Table 2-8 (Allowed Uses Industrial) will both have footnotes that correspond with Restaurant, Table Service, Food and Beverage Manufacturing, and General Retail. One footnote will direct readers to Section 17.400.015 (Alcoholic Beverage Sale Permit Requirements), and the other will further clarify that if the alcohol sales are related to a beverage tasting facility or an ancillary alcohol producer, an AUP will be required for total ancillary floor areas greater than 20 percent, and may not exceed more than 30 percent gross floor area.

All alcoholic beverage sales will require compliance with all applicable California Alcoholic Beverage Control Department rules and regulations.

CONCLUSION

Beverage tasting facilities and artisanal alcohol production are a growing industry in the United States and Southern California. Many local cities including Santa Monica, Inglewood, Los Angeles, Torrance, and Gardena are home to their own tasting facilities or artisanal alcohol producers. The proposed Zoning Code Amendment will update the Culver City Municipal Code to be more responsive to this emerging land use.

ENVIRONMENTAL DETERMINATION:

The proposed Zoning Code Amendment (P2018-0067-ZCA) is within the scope of the Culver City General Plan Update Program EIR approved on September 24, 1996 (PEIR 1), the Culver City Redevelopment Plan Amendment and Merger Program Subsequent EIR approved on November 16, 1998 (PEIR 2), and no new significant information has been found that would impact either PEIR 1 or PEIR 2. Therefore, no new environmental analysis is required, pursuant to Sections 15162 and 15168 of the California Environmental Quality Act (CEQA).

ATTACHMENTS

1. Proposed Ordinance, including Exhibit A: Proposed Zoning Code Text Changes in “strikethrough/underline” format
2. Zoning Practice: Microbreweries: American Planning Association; Mar 2014
3. Welcome to Beer Country; American Planning Association; Feb 2015

MOTION

That the City Council:

Introduce the proposed Ordinance, approving Zoning Code Text Amendment P2018-0067-ZCA related to beverage tasting facilities and artisanal alcohol production.