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SEP 26 2013

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MEMORANDUM **Transportation and Development – CC Memo No. 13-115**

DATE: SEPTEMBER 26, 2013

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER RD
MARSHA REED, ASSISTANT CITY MANAGER MR
R.J. ZEDER, TRANSPORTATION & DEVELOPMENT DIRECTOR RJZ
JEFF KURTZ, PLANNING ADMINISTRATOR

FROM: KEVIN MAYO, PLANNING MANAGER KM

SUBJECT: LUP13-0015 SANTAN BREWING COMPANY

Request: Liquor Use Permit approval for the operation of a Domestic Microbrewery under a Series 3 License, as well as the sale and serving of liquor as permitted under a Series 12 (Restaurant) license within a portion of an existing Microbrewery and restaurant (Suites 4-6) including an expansion to the outdoor patios

Location: 8 South San Marcos Place, Suites 4-6

Applicant/: Anthony Canecchia,
Owner SanTan Brewing Company

Zoning: City Center District (CCD)

RECOMMENDATION

Upon finding consistency with the General Plan, Planning Commission and Planning Staff recommend approval subject to conditions.

BACKGROUND

The subject site is located at the southwest corner of San Marcos Place and Commonwealth Avenue within Downtown Chandler. The subject building is adjacent to several other retail and restaurant establishments on the Historic Square. The San Marcos Hotel is to the north across Commonwealth Avenue and a small parking lot. West of the subject site are a service alley and another small parking lot.

The restaurant and brewery has occupied the three eastern suites of the 6-suite historic building since 2007 when its renovation was completed, operating under Series 3 Microbrewery and Series 12 Restaurant liquor licenses. In 2010, the business received approval to expand its microbrewery operations into the three remaining suites (Suites 4-6) with a 2 year time condition. No expansion of serving area and the accompanying Series 12 Restaurant License occurred in 2010. Council approved a 3-year time extension for the production operation expansion within Suites 4-6 in September 2012. The business consists of an indoor/outdoor bar, indoor restaurant seating, outdoor seating adjacent to both streets, kitchen and office space, a small-scale brewing operation and canning/storage. A City-funded pedestrian colonnade wraps the building along both street frontages, part of it covering the outdoor patio. Two second-floor office tenant spaces are located above Suite 6 on the building's western end.

As represented in 2010, the applicant outlined a longer-term plan to expand brewery/restaurant operations westward along Commonwealth Avenue, including additional serving area and possibly a banquet room through a future project. Notably, the applicant began pursuing an off-site facility for expanded production and storage operations. At such time as a facility was acquired, it would greatly lessen the amount of production and storage conducted on the subject site. This longer-term plan also anticipated shifting most of the on-site loading operations from Commonwealth Avenue to the alley behind the building. The off-site brewery production facility located east of Arizona Avenue south of Warner Road is now in operation. The applicant now seeks to move forward with the previously identified longer-term plan.

The current request seeks to expand the existing Liquor Use Permit approval for the Series 12 Restaurant license from Suites 1-3 to Suite 4-6 including a proposed expansion to the outdoor patio along Commonwealth Avenue. Additionally, the request includes extension of the Liquor Use Permit for the Series 3 Domestic Microbrewery license within Suites 4-6 without time condition. Ultimately Suites 4-6 will include the additional serving area and potential banquet rooms, since the amount of beer production has decreased significantly. The Series 3 license will be used primarily for the production of artisanal limited production and seasonal beers. These types of craft brews utilize a slower production method thereby reducing the production and transportation/storage operations significantly. Finally, the existing outdoor patio along Commonwealth Avenue will be extended westward as depicted in the attached site plan.

The CCD zoning district allows consideration of microbreweries and brewpubs by Use Permit. The CCD's purpose, in part, is to "promote specialty retail, cultural, dining, entertainment, and other storefront businesses traditional to a downtown setting." Additionally, the South Arizona Avenue Corridor Area Plan (SAZACAP) designates the subject site for Urban Commercial land uses, which allows for restaurants and encourages urban pedestrian oriented design. A large area west of the subject site (all the way to Palm Lane) is designated "Growth Area" for future expansion of Cultural and Entertainment uses. The intent of the Cultural and Entertainment land use category is "to create a vibrant, mixed-use, pedestrian oriented, urban environment that is linked to the historic downtown square with shaded pedestrian walkways".

DISCUSSION

Staff finds the requested microbrewery operations and expansion of the restaurant serving and patio areas to be compatible with the surrounding land uses and in conformance with CCD standards and the SAZACAP. The subject request, viewed as a component along with the existing restaurant and brewery, brings great vitality to the corner of Commonwealth Avenue and San Marcos Place. It has always been envisioned that in the long-term, it is important that Commonwealth Avenue also present a vital pedestrian atmosphere both for itself and as a connection to future Cultural and Entertainment uses to the west. The request will allow the expansion in a manner that results in fulfillment of City goals. SanTan Brewing Company remains a vital partner in the growth and promotion of Downtown Chandler.

PUBLIC/NEIGHBORHOOD NOTIFICATION

- This request was noticed in accordance with the requirements of the Chandler Zoning Code.
- The Police Department has been informed of the application and has no issues or concerns.

At the time of this writing, Planning Staff is not aware of any opposition to the request.

PLANNING COMMISSION VOTE REPORT

Motion to Approve.
In Favor: 6 Opposed: 0 Absent: 1 (Baron)

RECOMMENDED ACTION

Upon finding consistency with the General Plan and City Center District (CCD) zoning, Planning Commission and Planning Staff recommend approval of LUP13-0015 SANTAN BREWING COMPANY subject to the following conditions:

1. The Use Permit granted is for a Series 3 license and a Series 12 license only, and any change of license shall require reapplication and new Use Permit approval.

2. The Use Permit is non-transferable to any other location.

3. Expansion or modification beyond the approved exhibits (Site Plan/Floor Plan and Narrative) shall void the Use Permit and require new Use Permit application and approval.

4. The area adjacent to the establishment shall be maintained in a clean and orderly manner.

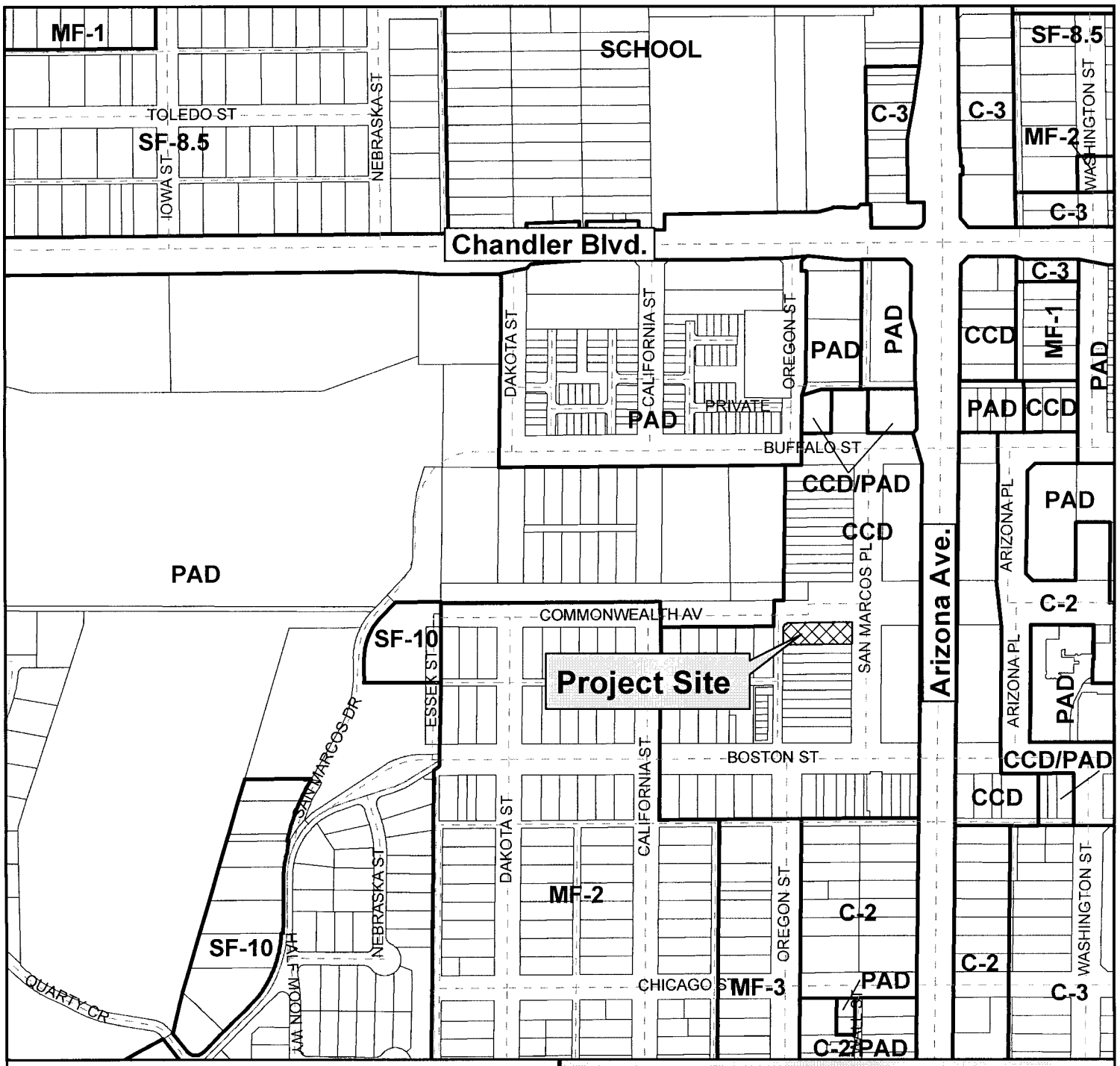
5. The outdoor patios shall be maintained in a clean and orderly manner.

PROPOSED MOTION

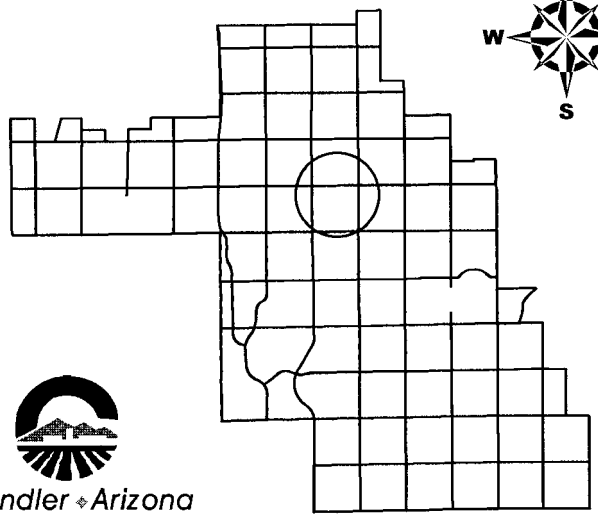
Move to approve LUP13-0015 SANTAN BREWING COMPANY subject to the conditions recommended by Planning Commission and Planning Staff.

Attachments

1. Vicinity Maps
2. Floor Plan
3. Applicant Narrative



Vicinity Map



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LUP13-0015

San Tan Brewing Company
Liquor Use Permit

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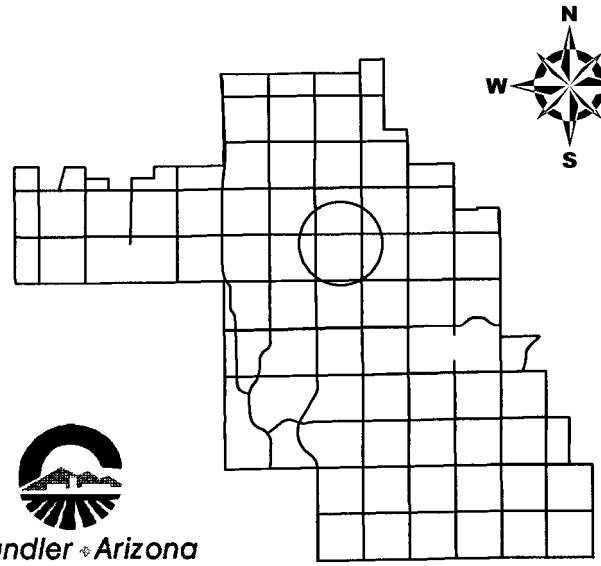
Vicinity Map



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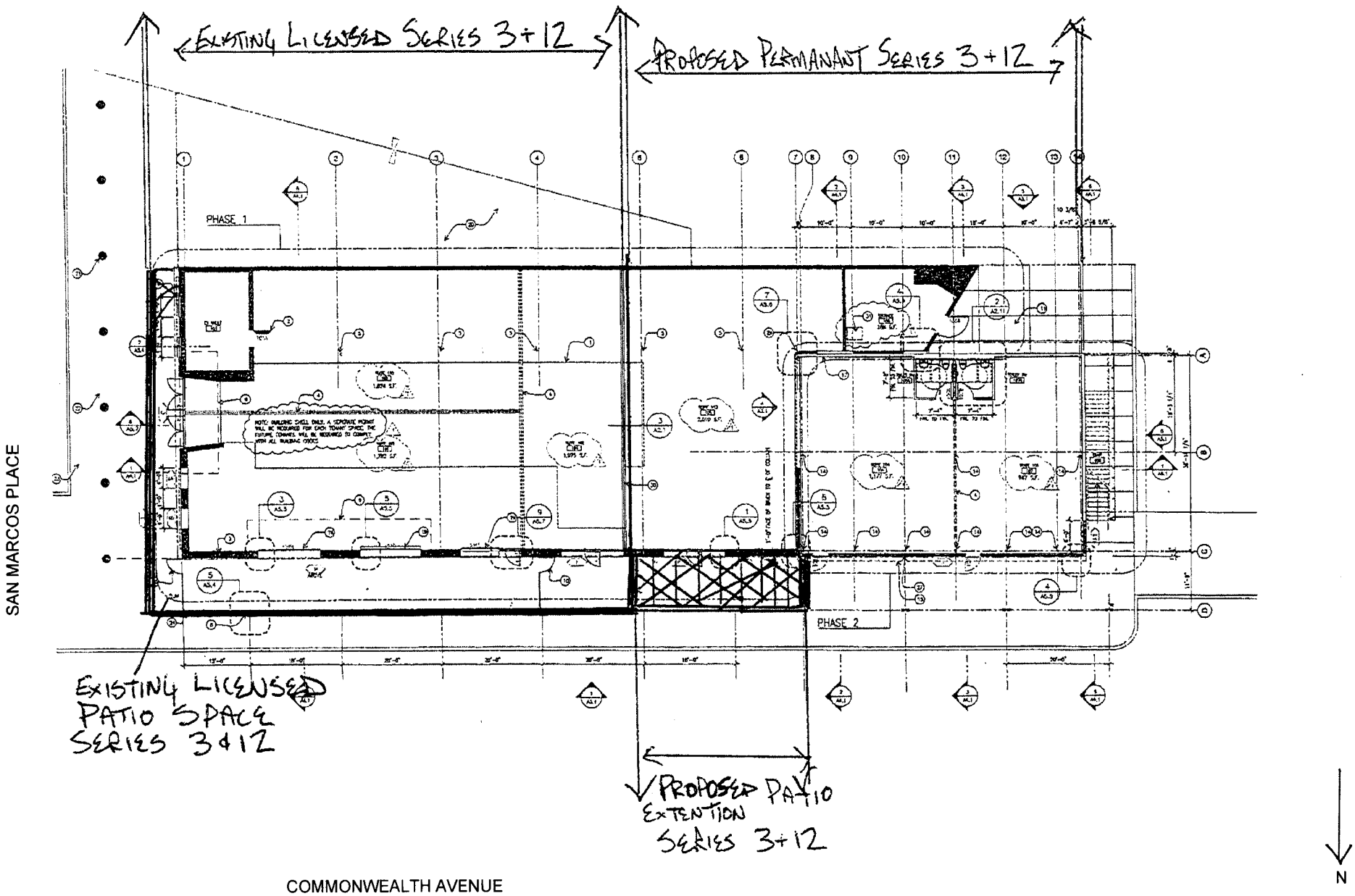
LUP13-0015

San Tan Brewing Company
Liquor Use Permit

CITY OF CHANDLER 8/20/2013


EXISTING LICENSED SERIES 3+12
PROPOSED PERMANANT SERIES 3+12
PHASE 1
PHASE 2
EXISTING LICENSED PATIO SPACE SERIES 3+12
PROPOSED PATIO EXTENTION SERIES 3+12
SAN MARCOS PLACE
COMMONWEALTH AVENUE
N

A. Location

The SanTan Brewing Company is located on the southwest corner of San Marcos Place and Commonwealth Avenue in Historic Downtown Chandler. This application pertains to Suites 4 through 6 within parcel 303-08-015A. The address is 8 South San Marcos Place.

B. The Applicant

The Applicant is SanTan Brewing Company, Arizona's second largest brewery with 135 employees. It has owned and operated a brewpub and brewery at this location since 2007.

C. Developed Site

The site is fully developed within an 11,042 square foot building.

D. Background

SanTan Brewing Company obtained its first use permit in Case No. UP06-0093 and opened in 2007. At that time, it only occupied Suites 1 through 3 of 8 S. San Marcos Place. Shortly thereafter, on July 18, 2007, it obtained an extension of premises for the patio in Case No. UP07-0053. On May 28, 2009, it obtained another extension of premises for additional patio space in Case No. UP09-0006.

On May 13, 2010, SanTan Brewing Company obtained a use permit in Case No. LUP10-00013 for the use of Suites 4 through 6 for alcohol production, packaging and associated sales for a period of two years. On September 13, 2012, the City Council extended the Use Permit for another three years in Case No. LUP12-0014.

In early 2013, SanTan Brewing Company opened a new off-site facility located at 495 W. Warner Road, in Chandler. This new facility has the capability of producing 40,000 barrels of beer, which is more than three times the amount currently produced at this location. The majority of SanTan Brewing Company's beer production will now occur at this new facility. As a result, the amount of beer production at 8 S. San Marcos Place will decrease significantly, and will soon involve primarily the production of artisanal, limited edition beers. This slower production method for craft beer will result in a substantial decrease in the volume, noise and traffic related to the transportation and distribution of the products. Likewise, the vast majority of storage will also now occur at the new facility on Warner Road.

E. Request

This application simply requests that the use permit already approved for Suites 4-6 be made permanent for both micro-brewery and restaurant uses. It also seeks to extend the patio, by an additional 216 (12' x 18') square feet as shown on the floor plan attached at Tab 1. This additional patio will be adjacent to and directly east of the existing patio located on the north side of the establishment.

F. Analysis and Justification

Under Section 35-3203, the CCD zoning district requires that any establishment involving the "sale, service or production of any spirituous beverage" obtain a use permit. Microbreweries and brewpubs are specifically included as establishments required to obtain a use permit under subsection (D).

Section 35-305 outlines the following criteria for evaluating a request for a use permit. It requires that the request:

1. Is in conformance with the comprehensive plan and its policies.
2. Will not be detrimental to persons residing or working in the vicinity, to adjacent property, to the neighborhood or to the public welfare in general, and that the use will be in full conformity with the conditions, requirements or standard prescribed by this Code or high as may be deemed necessary by City Council in any one (1) situation.

This request for a permanent use permit is in conformance with the City of Chandler General Plan, the City Center District zoning, and the Southern Arizona Avenue Corridor Area Plan ("SAZACAP"). SanTan Brewing Company has operated a brewpub and microbrewery at this address for the past 6 years, and has operated a microbrewery that produces, packages and stores beer in Suites 4 through 6 for the past 3 years. In the past use permit approvals, City of Chandler staff has repeatedly found that "the requested microbrewery operations ... [are] compatible with the surrounding land uses and in conformance with CCD standards and the SAZACAP if viewed as Phase One of a longer-term plan." It also found that the brewpub and brewery "bring[] great vitality to the corner of Commonwealth Avenue and San Marcos Place."

Both the brewpub and the brewery have been assets to the downtown Chandler area for the past 6 years, in promoting "a special character and visual identity exclusively for the City Center." With the opening of the second facility, and the resulting decrease in production and traffic, the establishment will be an even better asset to the neighborhood and the public welfare in general. The brewery will continue to promote the area's special character and visual identity. With the continued cost of improvements necessary to maintain and update the facility, it is simply unnecessary to retain the short time limit on the current permit. The SanTan Brewery is a proven commodity, a proven good neighbor and business partner and its new scaled down microbrew procedures at this location make it even a better, more compatible asset to downtown Chandler. Accordingly, SanTan Brewing Company requests a permanent use permit for its microbrewery and brewpub for Suites 4 through 6.