



Agenda Item No: 1
Meeting Date: January 26, 2022
Prepared By: Jeff Fisher, Assistant Planner
Reviewed By: Scott M. Duiven
Scott M. Duiven,
Community Development Director

**REQUEST FOR ZONING ADMINISTRATOR ACTION
STAFF REPORT**

PROPERTY ADDRESS: 20 Mill Street, Unit A

APPLICANT: Chris Matthies

SUBJECT: Conditional Use Permit Application CUP 2021-06 to allow the tasting of distilled spirits produced on-site at the proposed Sonoma Brothers distillery.

RECOMMENDED ACTION:

It is recommended that the Zoning Administrator approve Conditional Use Permit Application CUP 2021-06 based on the suggested findings and subject to the recommended conditions of approval identified in the staff report.

PROJECT DESCRIPTION:

The applicant is requesting approval of a Conditional Use Permit to allow the tasting of the distilled spirits produced on-site at a proposed distillery. Public tastings will be offered to customers on Saturdays and Sundays from 10:30am to 5pm. Private tastings (appointment only) will be offered Monday through Friday during the same hours.

Tastings will consist of 1/4oz samples per visitor, with a total of 6 tastings per day pursuant to regulations mandated by the ABC for the tasting of distilled spirits. For reference, a standard “shot” of alcohol is considered to be 1.5oz. Therefore, a maximum of 6 samples would equate to a single “shot” of alcohol. Customers will be charged a fee for the tastings pursuant to ABC regulations. The tasting room will include 36 seats (main room and V.I.P room). The facility will host small product-related private events such as new product releases and seasonal events. The owners anticipate holding 3-5 of these types of events per year with a maximum attendance of 36 people per event throughout the duration of the event.

SITE INFORMATION:

The project site is located on the south side of Mill Street west of Healdsburg Avenue. The 17,148 square-foot building is located in an existing industrial complex with multiple buildings and tenants. The zoning of the site is Industrial (I) with an underlying General Plan designation of Industrial (I). A small tasting area (1,168 square feet) will be located within the building housing the distillery. Adjacent land uses are all industrial in nature, with the exception of the Vineyard Plaza shopping center to the north across Mill Street.

If approved, the proposed use would constitute the only alcoholic beverage tasting use in the vicinity, as there are no other businesses located along the southern side of Mill Street which have been approved for tasting.

APPLICABLE GENERAL PLAN AND LAND USE CODE INFORMATION

General Plan

The property is designated Industrial (I) by the Healdsburg General Plan, which allows a broad range of industrial, commercial and office uses, such as wineries, manufacturing, offices and other services.

The following General Plan policies apply to the proposal:

- *Goal ED-A: Expand the commercial and industrial sectors of Healdsburg's economy to increase jobs, meet the needs of residents and visitors, and generate revenues that support City services.*

The proposed tasting would be considered an accessory use to the primary distillery use consistent with the intent of this designation and would further the goal of the General Plan by providing revenues, employment, and another option for residents and visitors to purchase and sample local products produced in Healdsburg.

Land Use Code

The LUC requires conditional use permit approval for alcoholic beverage tasting uses in the Industrial Zoning District (20.08.195 Table 15). All tastings will be of distilled spirits produced at the site.

A tasting room is also subject to the requirements of LUC Section 20.20.075 *Alcoholic beverage Establishments*. This section of the LUC prescribes specific application and review requirements for commercial establishments that engage in the sale of alcohol, and the findings for approval are listed below:

FINDINGS FOR ALCOHOLIC BEVERAGE ESTABLISHMENTS

Pursuant to LUC Section 20.20.075(D), the Zoning Administrator may consider if any of the following would be applicable to the request in determining whether to deny, revoke, or grant the conditional use permit:

- a) Information contained in the application or supplemental information requested from the applicant is false in any material detail.*
- b) The operation of the alcoholic beverage establishment is or would be in violation of one or more provisions of these regulations and Chapter 20.28 Article V (Conditional Use Permits).*
- c) The premises where the alcoholic beverage establishment is or will be located does not comply with all applicable laws, including, but not limited to, the City's building, health, zoning and fire ordinances.*
- d) The proposed use will adversely affect the welfare of the area residents or will result in an undue concentration in the area of alcoholic beverage establishments, as determined by the Zoning Administrator based upon a review of the facts associated with the particular application.*
- e) The proposed location is inappropriate for the proposed use by virtue of its proximity to:*
 - *residential buildings and residentially-zoned property;*
 - *churches, schools, hospitals, public playgrounds and other similar uses;*
 - *other alcoholic beverage establishments.*
 - *The proposed use will be of such a size or consist of an activity level, i.e., music, entertainment activities, food service, arcade games or other amusement activities, etc., such that it would be incompatible or unsuitable with the uses in and/or character of, the surrounding area.*
- f) The establishment of the use as proposed and/or at the subject location would be in conflict with any of the provisions contained in this section.*
- g) The decision-making body cannot make the findings for conditional use permit approval pursuant to Section 20.28.165*
- h) Findings for revocation of the conditional use permit have been made pursuant to Section 20.28.195*

None of the above circumstances apply to the applicant or to the operation itself. The wine tasting “dispersion guidelines” mandated by the City Council is specific to the downtown area and was not intended to be implemented in industrial zones. The tasting room would not be proximate to residential buildings, residentially-zoned property, churches, schools, hospitals, public playgrounds or other similar uses. No live music or amusement activities are proposed. Therefore, approval of the application would be consistent with the provisions of LUC Section 20.20.075(D).

DISCUSSION/ANALYSIS:

Locational Criteria

Pursuant to LUC Section 20.20.075, the acting authority may deny an application for a conditional use permit for an alcoholic beverage use if it can be determined that the location of the use is inappropriate by virtue of its proximity to residential areas, churches, schools, hospitals, public playgrounds, or similar uses. As noted above, the site is not located adjacent to any of the uses listed above.

As with all applications for alcoholic beverage establishments, this application has been reviewed by the Healdsburg Police Department. The HPD did not raise any concerns regarding tasting at the proposed site. Staff finds that the proposed tasting room will not create any detrimental effects to the neighborhood due to the fact that the use will be licensed and monitored by the ABC. The conditions of approval for the Type 04 license and the recommended conditions of the use permit will ensure that conflicts between the tasting use and the surrounding uses will not arise. In the event that a conflict does arise, the Zoning Administrator is provided with the authority to revoke the use permit pursuant to the revocation process provided in LUC Section 20.20.075(D).

Parking

The building is appointed with a total of 34 parking spaces surrounding the building. The LUC requires a minimum of 1 space for every 500 square-feet for the distillery use (manufacturing); 1 space for every 1,000 square feet for warehouse/storage uses; and 1 space for every three seats in the tasting room. The manufacturing area of the unit is 5,423 square feet which equates to 11 parking spaces. The 10,462 square-foot warehouse/storage area will require 10 spaces. The 36-seat tasting area will require 12 spaces. As such, a total of 33 parking spaces are required for the distillery and tasting room combined. The operation will only have four full-time employees and two part-time employees. As such, the parking area will provide more than adequate parking for the tasting room and the distillery, including small events.

ABC Licensing

With the passing of State Assembly Bill AB 1295, January 1, 2016 marked the first date where distilleries were permitted to offer on-site tasting of distilled spirits in California. The distillery will operate under Type 04 and Type 06 ABC licenses. These licenses permit the manufacture of distilled spirits and the operation of a still respectively. According to ABC, the tasting of distilled spirits is permitted and regulated under the Type 04 license. If the use permit is approved by the Zoning Administrator, the applicant will be required to obtain the necessary licenses from ABC prior to providing tastings or manufacturing distilled spirits at the site. A city business license will also be required prior to operation of the facility.

FINDINGS FOR CONDITIONAL USE PERMIT

Pursuant to Land Use Code section 20.28.165, the Zoning Administrator is required to make the following findings in order to approve a conditional use permit application; staff has provided suggested findings below each item in *italics*.

1. The proposed location and operation of the conditional use is in accord with the Healdsburg General Plan, objectives of the Land Use Code and purposes of the district in which the site is located.

The proposed use is within the range of uses contemplated in the Industrial General Plan designation which allows a broad range of industrial, commercial and office uses, such as wineries, manufacturing, offices and other services.

The following General Plan policies apply to the proposal:

- *Goal ED-A: Expand the commercial and industrial sectors of Healdsburg's economy to increase jobs, meet the needs of residents and visitors, and generate revenues that support City services.*

The proposed tasting room would be considered an accessory use to the primary distillery use consistent with the intent of this designation and would further the goal of the General Plan by providing revenues, employment, and another option for residents and visitors to purchase and sample local products produced in Healdsburg. The proposal complies with the development standards of the LUC and specifically Section 20.20.075, as the operation will meet the requirements of the alcohol ordinance.

2. The proposed location and operation of the conditional use and the conditions under which it would be operated or maintained will not be detrimental to the public health, safety or welfare or materially injurious to properties or improvements in the vicinity.

The location of the subject property is in an industrial area that is developed with industrial uses. Subject to compliance with the Alcoholic Beverage Establishment regulations in the LUC (Section 20.20.075), ABC licensing and regulations, and the recommended conditions of approval, the proposed use will not result or create a detrimental condition on the property, property vicinity or community. This application has been reviewed by the Healdsburg Police Department. The HPD did not raise any concerns regarding tasting at the proposed site. The conditions of approval for the Type 04 license and the recommended conditions of the use permit will ensure that conflicts between the tasting use and the surrounding uses will not arise. In the unlikely event that a conflict does arise, the Zoning Administrator is provided with the authority to revoke the use permit pursuant to the revocation process provided in LUC Section 20.20.075(D).

3. The proposed conditional use will comply with each of the applicable provisions of this Title.

It has been determined that the distillery use is similar to a winery. As with winery uses, the accessory tasting of alcohol requires approval of a conditional use permit similar to applications approved by the Zoning Administrator for tasting at wineries in industrial zones. The proposed use will be required to maintain compliance with the requirements set forth in LUC Section 20.20.075(D) for alcoholic beverage establishments and will be required to comply with the conditions of approval adopted as part of the use permit in addition to those conditions required under the ABC's Type 04 license. The proposed use will not require the construction of any additional parking or building expansion based on evaluation of the proposed use and review of the parking requirements established in LUC Section 20.16.150.

ENVIRONMENTAL ANALYSIS: The application is not subject to environmental review because the proposed tasting area is within an existing structure and therefore qualifies for a Class 1 categorical exemption under California Environmental Quality Act Guidelines Section 15301, Existing Facilities; and Section 15061(B).

DEPARTMENT COMMENTS: The project was reviewed by the City’s Public Works, Fire, and Police Departments. Comments from the respondent departments are included as Attachment 1 – Conditions of Approval.

ATTACHMENTS

1. Conditions of Approval and Agreement to Comply
2. Applicant’s statement
3. Plan Set

CONDITIONS OF APPROVAL

Conditional Use Permit CUP 2021-06
Sonoma Brothers Distillery Tasting Room – 20 Mill Street, Unit A
January 26, 2022

Community Development Department

1. This conditional use permit allows the on-site consumption (tasting) of distilled spirits at 20 Mill Street, Unit A, operated in accordance with the written materials (Attachment 2), and Plan Set (Attachment 3) submitted with the application dated November 19, 2021, except as modified herein.
2. This approval shall lapse and become void one year following the date on which the conditional use permit became effective unless the operation is commenced during such time or a time extension is approved by the Community Development Director (20.28.185).
3. This conditional use permit shall be suspended automatically upon violation of any applicable provision of the Healdsburg Land Use Code or any of these conditions, and may be revoked by the Zoning Administrator as provided by Land Use Code Sections 20.20.075 and 20.28.195.
4. The use approved by this use permit shall comply with the selected regulations of Land Use Code Section 20.20.075(J) listed below:
 - a. The permittee personally or a manager or a designated responsible employee shall be on the premises at all times during the conduct of business.
 - b. The applicant shall comply with Alcoholic Beverage Control (ABC) laws and regulations. Suspension of the applicant's license by the ABC may constitute sufficient cause or basis for review and possible revocation of a conditional use permit.
 - c. A conditional use permit for an alcoholic beverage use may be recalled to the Zoning Administrator for review at any time at a public hearing due to complaints regarding lack of compliance with conditions of approval, traffic congestion, noise generation, or other adverse operating characteristics. At such time, the Commission may revoke the conditional use permit or add/modify conditions of approval.
5. Tasting hours shall be Monday-Sunday, from 10:30am-5pm.
6. The number of events shall be limited to a maximum of five (5) per calendar year. The maximum number of attendees at any event shall be 36 people.
7. Prior to commencing operations, the business owner shall obtain a Letter of Public Convenience and Necessity from the Community Development Department for delivery to the ABC.
8. Prior to commencing tasting operations, the business owner shall obtain a Type 04 license and a Type 04 license from the California Department of Alcoholic Beverage Control (ABC). The distillery operation shall require a Type 06 license from the ABC prior to operation.
9. Prior to commencing operations, the business owner shall obtain a City of Healdsburg business license.

Police Department

The Police Department has the following conditions of approval on this project:

1. No music (live or otherwise) or any other form of entertainment shall be permitted in the outdoor area after 10:00 p.m. nightly.
2. Pursuant to Healdsburg Municipal Code 9.32 (Noise) noise from the premises shall not exceed 65 dBA during daytime or 60 dBA during nighttime hours. Per code, nighttime is defined as 8:00 pm to 7:00 am.
3. For the purposes of these conditions, amplified sound or amplification of music or other forms of entertainment shall mean any sound that is broadcasted through electronically amplified equipment or sound that is electronically enhanced.

Public Works Department

With the submittal of the subsequent building permit, the Applicant will be required to complete the following:

1. Pay the Public Works administered charges, including development impact fees to upgrade from a low sewer strength for warehouse use to a high sewer strength for the distillery. Utility accounts will need to be updated to apply the high strength sewer waste for the facility.
2. Enter to an industrial waste discharge permit with the City for the proposed facility.
3. In the event that food will be prepared on-site, or brought in and served on-site, or if a kitchen and/or dishwasher will be installed in the facility, a minimum 1,000 gallon grease interceptor shall be installed on the existing sewer line per City standards.

Fire Department

These conditions will be required with the building permit application for the tasing room and distillery.

1. Hire a Fire Protection Engineer (FPE) for the distillery: In additions to reviewing the plans, have the FPE review the equipment and tanks for UL listing and certification for flammable combustibile liquids use and storage if equipment is made outside of the U.S. Refer to the building code for Occupancy Classification exceeding the MAQ's.
2. Design and Construction of Containers, Cylinders and Tanks: Containers, cylinders and tanks shall be designed and constructed in accordance with approved standards. Containers, cylinders, tanks, and other means used for containment of hazardous materials shall be of an approved type. Pressure vessels shall comply with the ASME Boiler and Pressure Vessel Code. CFC 5003.2.1
3. Additional conditions of approval, dependent upon what is submitted by the FPE.
4. Sprinkler System: A fire sprinkler system conforming to NFPA-13 (2016 Edition) shall be installed in the proposed building. Plans for said system shall be submitted to and approved by the fire department prior to installation under separate cover. Said system shall be monitored for flow and tamper of all control valves by an approved central station. Approved locking Fire Department Connection caps shall be provided. New system shall also include new fire hydrants located within

100 feet of the FDC, or as approved by the fire code official, except where existing fire hydrants are at locations that satisfy this requirement. Also see Fire Alarm below. CFC 903.2, CFC 901.4, Municipal Code 15.08.020, Sec. 507.5.1.1, 903.3, 903.3.7, 903.4.2, 903.6 *This is a deferred submittal, and the system will have to be installed and tested prior to final.*

5. Fire Alarm: A fire alarm system shall be installed that meets the requirements of California Building Code. Installation shall be in accordance with NFPA-72 (2016 Edition). The fire alarm system capable of supervising the new or extended fire sprinkler system for flow and tamper shall be installed in the structure(s) requiring sprinklers. System shall include an audible and visual alarm as required. Plans for said systems shall be submitted to and approved by the fire department under separate cover prior to installation. CFC 907.2, Municipal Code 15.08.020, Sec. 903.4.2. *This is a deferred submittal, and the system will have to be installed and tested prior to final.*
6. Fire Main Underground: A separate plan submittal to the Fire Department is required for the underground fire (protection) main. Installation shall meet the requirements of NFPA-24 (2016 Edition) and fire department standards. Submit two sets of plans with details and the permit fee. *This is a deferred submittal, and the system will have to be installed and tested prior to final.*

Agreement to Comply With Conditions

I, _____ (applicant), and I, _____ (property owner) have reviewed the attached conditions of approval for **Conditional Use Permit Application CUP 2021-06 at 20 Mill Street Unit A** and agree to comply with all said conditions as stated.

Applicant's Signature

Date

Property Owner's Signature

Date

