

Draft Amendments to Zoning Bylaw 12800

Opportunities for microbreweries, distilleries and wineries

Recommendation:

That Administration prepare amendments to Zoning Bylaw 12800, as generally outlined in Attachment 2 of the June 7, 2017, Sustainable Development report CR_3864, and return to a future City Council Public Hearing.

Report Summary

This report proposes draft amendments to Zoning Bylaw 12800 to create additional opportunities for microbreweries, distilleries and wineries in commercial and industrial zones in Edmonton.

Previous Council/Committee Action

At the June 28, 2016, City Council meeting, the following motion was passed:

That Administration consult with stakeholders and provide a report outlining draft amendments to the Zoning Bylaw 12800 that could create additional opportunities for the operation of microbreweries, distilleries and wineries in commercial and industrial zones in Edmonton.

Report

Background

Breweries and manufacturing of alcoholic beverages are typically accommodated under the General Industrial use definition in Zoning Bylaw 12800. Prior to 2014, the Alberta Gaming and Liquor Commission required that breweries have a minimum production capacity of 500,000 litres per year; this meant that breweries were typically large industrial facilities appropriately situated in industrial zones. The General Industrial Use is listed in the (IB) Industrial Business Zone, (IL) Light Industrial Zone, (IM) Medium Industrial Zone, (IH) Heavy Industrial Zone, (EIB) Ellerslie Industrial Business Zone, (EIM) Ellerslie Medium Industrial Zone, (EETL) Edmonton Energy and Technology Park Logistics Zone, (EETM) Edmonton Energy and Technology Park Manufacturing Zone and municipal airport zones. These zones are generally located in industrial areas away from commercial high-streets and the downtown, as shown in Attachment 1 - General Industrial Use Zoning Map.

In 2014, the Alberta Gaming and Liquor Commission removed minimum production capacity requirements for breweries, which enabled small scale breweries. With the removal of the minimum production capacity requirement, there is strong interest in Edmonton to establish small breweries and distilleries in commercial zones and specifically in buildings in main street areas. Brewpubs, where beer is manufactured and

sold for consumption on-premises and off-premises, have been accommodated by combining the following uses: General Industrial Use or Creation and Production Establishment; Restaurant, Bar and Neighbourhood Pub, or Nightclub; and Minor Alcohol Sales or Major Alcohol Sales. For example, Hansen Distillery is located in the Armstrong Industrial area on a site that is zoned (IB) Industrial Business Zone, and is approved to operate a General Industrial Use and Minor Alcohol Sales. Finding sites with these combinations of Permitted Uses is difficult, and the separation distances associated with Alcohol Sales further constrains the ability of operators to secure sites that allow the onsite sale of alcoholic beverages they produce.

Proposed Zoning Bylaw 12800 Amendments

To enable the growth of a local craft brewing industry in Edmonton, the Breweries, Wineries and Distilleries use and associated Special Land Use Provisions are proposed, as shown in Attachment 2 - Mark-up of Proposed Text Amendment to Zoning Bylaw 12800. Defining Breweries, Wineries and Distilleries as a distinct use from other General Industrial Uses allows them to be considered in commercial zones.

The proposed Breweries, Wineries and Distilleries use allows the following:

- manufacturing, packaging, bottling, canning and shipping of alcoholic beverages
- sale of alcoholic beverages for consumption on-premises
- sale of alcoholic beverages manufactured on-site for consumption off-premises
- sale and preparation of food
- private non-sale hospitality area where products manufactured on-site are provided to private groups for tasting and sampling
- ability to combine Breweries, Wineries and Distilleries use with Restaurant, Bar and Neighbourhood Pub, or Nightclub to increase allowable public space.

While the Breweries, Wineries and Distilleries use allows the retail sales of alcoholic beverages, the definition of the use restricts sales to products manufactured on-site to ensure these establishments can be differentiated from Minor Alcohol Sales or Major Alcohol Sales (liquor stores). As a result, the amendment does not contain separation distance requirements.

In the proposed amendment, Breweries, Wineries and Distilleries are generally listed as discretionary uses in commercial zones, permitted in industrial zones, and prohibited in residential zones, as shown in Attachment 2 - Mark-up of Proposed Text Amendment to Zoning Bylaw 12800. Adding Breweries, Wineries and Distilleries as a discretionary use in commercial zones is the recommended method for managing a complex use that can occur in a variety of sizes, zones and contexts, with as few regulations as possible. Listing Breweries, Wineries and Distilleries as a discretionary use allows the Development Officer to apply policy and discretion, and avoids the need for complex rules to manage a variety of scenarios. In addition, the proposed amendment contains a new section of Special Land Use provisions to manage off site impacts and ensure the compatibility of the Use with its

surroundings.

Through a separate rezoning and area plan amendment, Breweries, Wineries and Distilleries is proposed to be added to the Strathcona Historic Commercial Direct Development Control Provision (DC1). The proposed changes also require an amendment to the Whyte Avenue Commercial Overlay to allow Breweries, Wineries and Distilleries while being sensitive to the intent to restrict new and expanded Bars and Neighbourhood Pubs, and Nightclubs. Through a separate rezoning, Breweries, Wineries and Distilleries is proposed to be included in six Site Specific Development Control Provisions (DC2) in The Quarters, as illustrated in Attachment 3 - Direct Control Rezoning (Old Strathcona and The Quarters). These applications will be presented to City Council at a future City Council Public Hearing.

Regulations in other Municipalities

Municipalities such as Calgary, Vancouver, Victoria, Vancouver, Kelowna, Winnipeg, Ottawa, Montreal, Fredericton, Portland, and Denver, each define microbreweries, distilleries, wineries and/or brewpubs, and adopted a suite of regulations to manage potential land use impacts to adjacent properties. Common regulations included: maximum brewing floor area; maximum brewpub and restaurant floor area; maximum gross floor area; maximum annual production capacity; noise and odour regulations; prohibit outdoor storage; and sale of alcohol for consumption on-premises and off-premises. Adoption of these additional land use regulations generally results in opportunities for microbreweries, distilleries, wineries and/or brewpubs in a wider variety of commercial and industrial zones.

Site visits to craft breweries and distilleries in Edmonton revealed very little in the way of any perceptible off site impacts. These operations were contained within a typical commercial retail unit with a front and rear entrance with a small loading area, and had limited delivery or traffic associated with them. Adjacent uses were not impacted by these operations.

Policy

The Way we Grow, Edmonton's Municipal Development Plan, Bylaw 15100

6.2, Plan for retail centres that meet the daily needs of residents in area and Neighbourhood Structure Plans.

The Way We Prosper, Edmonton's Economic Development Plan

- 5.3, The priority needs of business and industry are effectively supported.
- 5.5, Edmonton is a model for thriving neighbourhoods and communities that embody the best of social, economic, cultural and environmental business growth and practices.

Corporate Outcomes

This report contributes to the corporate outcome of ensuring “Edmonton has a globally competitive and entrepreneurial business climate” as it provides the opportunity for the operation of microbreweries, distilleries and wineries in commercial and industrial zones in Edmonton, as described in *The Way Ahead – City of Edmonton Strategic Plan, 2009-2018*.

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
Competition	Startup breweries, distilleries and wineries choose to locate or relocate to Municipalities with favorable zoning regulations	4 - Likely	2 – Moderate	8 – Medium	Continue accommodating breweries, distilleries and wineries under the following uses: General Industrial Use or Creation and Production Establishment; Restaurant, Bar and Neighbourhood Pub, or Nightclub; and Minor Alcohol Sales or Major Alcohol Sales	Approve the new use definition to allow more opportunities for permitting breweries, distilleries in Edmonton

Public Engagement

Public consultation for this project was undertaken in a variety of ways including:

- site visits at existing microbreweries and distilleries in Edmonton
- interviews with brewing and distilling industry stakeholders
- meetings with Business Improvement Area representatives

In October 2016, Administration visited a number of brewing and distilling operations in Edmonton to better understand the challenges with the current permitting process and the scale, potential land use impacts, and on-site activities associated with a microbrewery or distillery. In December 2016, Administration met with interested Business Improvement

Areas to discuss how breweries, distilleries and wineries should be managed and where these operations would be appropriate. In March 2017, Administration formally met with the Business Improvement Areas Council to discuss the proposed use definition and regulations, and to answer questions.

A draft of this report and bylaw was distributed to a variety of brewing industry representatives and Business Improvement Area Associations on March 20, 2017. Feedback received included support of the Business Improvement Area notification requirement and consideration of adding the Breweries, Wineries and Distilleries use to Fort Edmonton Park in the (AN) River Valley Activity Node Zone.

Metrics, Targets and Outcomes

Metrics	Targets	Outcomes
Eight Development Permits issued for a brewery or a distillery type operation in combination with other uses or as a General Industrial Use since 2004.	Increase opportunities for Breweries, Wineries and Distilleries	Edmonton attracts and retains commercial businesses

Justification of Recommendation:

The proposed amendments to Zoning Bylaw 12800 remove barriers to market entry and create additional opportunities for the operation of microbreweries, distilleries and wineries in Edmonton.

Attachments

1. General Industrial Use Zoning Map
2. Mark-up of Proposed Text Amendment to Zoning Bylaw 12800
3. Direct Control Rezoning (Old Strathcona and The Quarters)

Others Reviewing this Report

- T. Burge, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- R. Smyth, Deputy City Manager, Citizen Services
- C. Campbell, Deputy City Manager, Communications and Engagement