

## **PUBLIC HEARING FOR BYLAW 36-18**

### **Purpose**

The purpose of Bylaw 36-18 is to amend Land Use Bylaw 40-98 by defining Brewery, Distillery and Winery and adding them to the listed uses in the Central Business Commercial District, Highway Commercial District, Shopping Centre Commercial District, Gateway Commercial District, Business Industrial District, South Business Industrial District, and General Industrial District.

### **Readings**

First reading of this bylaw was given on July 16, 2018.

### **Report, Analysis and Financial Implications**

#### **Background**

In 2013 the Provincial Government removed minimum annual production capacities on manufacturers of alcoholic beverages. This reduction has meant that facilities no longer have to be industrial in scale, enabling production in relatively small spaces, with lower business start-up costs. At the same time there has also been greater consumer demand for small batch or craft beer and spirits. Together, these factors have contributed to an increased interest in the establishment of craft breweries and distilleries in Okotoks. This amendment is intended to manage and foster the craft beverage industry, reflect current industry trends and business innovation, and improve alignment with Council's economic development strategic goals.

Proposals for microbreweries and distilleries have been managed in two ways. The manufacture of alcoholic beverages meets the Land Use Bylaw definition of Manufacturing Plant which is a listed use in the Industrial Districts only, as shown in Attachment 3. To date there has only been one Development Permit issued for a microbrewery or distillery in Okotoks. Located at 164 Southbank Street in the Southbank Business Park, a development permit for a microbrewery was issued in March 2016, however development has not yet commenced.

To accommodate a proposed microbrewery at 34 & 38 McRae Street, a Town-owned property, also known as the Landmark Site, in the Central Business Commercial (CCB) District, Council approved a re-designation to Direct Control in February 2017. The re-designation provides for a limited range of land uses, including the site specific use of a microbrewery or distillery. Although there has been interest in developing the site, there have been no development permit applications submitted and the site remains undeveloped.

Developed in response to an increased interest in establishing microbreweries and other craft manufacturers of alcoholic beverages, Land Use Bylaw amendments are proposed which will:

- provide a new listed use and definition for brewery, distillery, and winery;
- accommodate the small-scale manufacture of alcoholic beverages in most industrial and commercial land use districts; and
- include performance standards and regulations.

### Add Definitions

Currently, manufacturers of alcoholic beverages are considered manufacturing plants as defined in the Land Use Bylaw and are only allowed in the Industrial Districts. This amendment proposes a new use definition of brewery, distillery, and winery. Defining manufacturers of alcoholic beverages as a separate use, distinct from general manufacturing, allows it to be listed as a use in districts where other types of manufacturing may not be appropriate or permitted.

The proposed definition allows a brewery, distillery and winery to:

- Manufacture, package and ship alcoholic beverages;
- Retail the beverages made on the premises;
- Allow for the on premises consumption of beverages made on the premises; and
- Combine with eating establishment, drinking establishment or retail store when one of those uses is listed in the same district.

Brewery, distillery, and winery allows for the retail sale of alcoholic beverages manufactured on the premises, and the consumption on the premises of alcoholic beverages manufactured on the premises. In order to retail other types or brands of alcoholic beverages or other products with the exception of brewery/distillery/winery branded souvenir items, a brewery, distillery or winery would require development permit approval for a retail store. To allow the consumption on the premises of alcoholic beverages not manufactured on the premises a brewery, distillery or winery would require development permit approval for a drinking establishment.

This Land Use Bylaw amendment also proposes a definition for spirits, as that term forms part of the definition for brewery, distillery or winery.

## Performance Standards and Regulations

The following regulations are proposed to be added to Section 9 [General Land Use Regulations and Provisions] as Section 9.35 [Brewery, Distillery, and Winery]:

<b>Proposed Regulation</b>	<b>Rationale &amp; Notes</b>
The total floor area for manufacturing in a commercial district shall be limited to a maximum of 275m <sup>2</sup> .	To ensure the manufacturing component of breweries, distilleries and wineries in commercial districts is appropriately scaled.
Breweries, distilleries and wineries located in a commercial district shall only be approved in conjunction with an eating establishment and/or drinking establishment.	To ensure breweries, distilleries and wineries in commercial districts include public areas and are not strictly manufacturing facilities.
Outdoor seating areas accessory to breweries, distilleries and wineries are not permitted in the General Industrial (I2) District.	To reduce the potential for conflicts between those using outdoor seating areas and adjacent industrial uses.
In the Business Industrial (I1) District, South Business Industrial (I1S) District, Central Business Commercial (CCB) District, Highway Commercial (CHWY) District, Shopping Centre Commercial (CSC) District, and Gateway Commercial (CGATE) District, with the exception of air conditioning, heating, or ventilation systems and equipment which is subject to Section 9.17.3, all mechanical systems including but not limited to conveyor belts, cooling towers, stacks, piping, silos, and tubing must be completely contained within the building.	To ensure buildings are contextually appropriate. Building components which are industrial in nature are not appropriate in all commercial districts and the Business Industrial (I1) District and South Business Industrial (I1S) District. This requirement could be varied under a Development Permit Application if the development authority is satisfied that the proposed design is suitable for the district and forms a key component of the architectural design of the building.
All processes and functions associated with the use must be contained indoors, and are limited to activities which are not in the opinion of the Development Authority deemed to be noxious or offensive to adjacent properties or the general public.	To ensure all manufacturing related process and functions take place within a building reducing the potential for negative impacts.

## Land Use Districts

The proposed amendment will add brewery, distillery and winery as a discretionary use in most commercial and industrial districts. Discretionary uses are those for which the issuance of a development permit is dependent on the exercise of discretion by the Development Authority.

This Land Use Bylaw amendment proposes the addition of **brewery, distillery and winery**, and associated parking requirements to the following land use districts:

- Central Business Commercial (CCB) District
- Highway Commercial (CHWY) District
- Shopping Centre Commercial (CSC) District
- Gateway Commercial (CGATE) District
- Business Industrial (I1) District
- South Business Industrial (I1S) District
- General Industrial (I2) District

Bylaw 36-18 will be referred to the Municipal Planning Commission at its regular meeting on August 16, 2018. Administration will provide the Municipal Planning Commission's recommendation in a verbal report at the August 20, 2018 Council meeting.

### **Strategic Plan Goals**

<input type="checkbox"/>	Manage Community Growth	<input type="checkbox"/>	Provide Strong Governance
<input type="checkbox"/>	Provide Quality Community Infrastructure	<input type="checkbox"/>	Healthy and Safe Community
<input type="checkbox"/>	Enhance Organizational Excellence	<input checked="" type="checkbox"/>	Foster Economic Vitality
		<input type="checkbox"/>	Promote Environmental Excellence

### **Public Participation Strategy**

The Town held an open house on June 19, 2018 to inform the public about the proposed Land Use Bylaw Amendments and to gather comments. The open house was advertised in the Okotoks Western Wheel June 6 and 13, 2018 and on the Town Website and on social media.

This public hearing was advertised in the Okotoks Western Wheel on July 26, 2018 and August 1, 2018 in accordance with the *Municipal Government Act*. One letter of support has been received and is attached.

A total of six (6) individuals attended the open house and comments regarding the proposed amendments were generally positive. Social media was monitored throughout the public notification period. The only concern expressed was that production of alcoholic beverages may require large quantities of water.

At the subdivision and land use designation (zoning) stage of development, water is allocated to a development area based on average water usage for a range of anticipated uses. The water for a brewery, distillery or winery would therefore have already been allocated when the commercial or industrial area was first planned and developed and no new water allocation would be required. In addition, a development permit application for a brewery, distillery or winery would have to demonstrate that water conservation practices will be incorporated into the manufacturing process.

### **Alternatives for Consideration**

That the first reading version of Bylaw 36-18 Section 14A.2.2 be amended to correct a clerical error. Insert "Central Business Commercial" after "Discretionary Uses" – and before "CCB District".

### **Deputy CAO Comments**

I support the proposed amendments.

### **Attachment(s)**

1. Bylaw 36-18 First Reading Version
2. Bylaw 36-18 Red Lined Version
3. Chart – Uses by Land Use District
4. Letter of support

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