

ORDINANCE NO. O-1617-16

ITEM NO. 8

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**STAFF REPORT**

**ITEM:** AN ORDINANCE OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, AMENDING SECTION 426.1, I-1, LIGHT INDUSTRIAL DISTRICT, OF CHAPTER 22 OF THE CODE OF THE CITY OF NORMAN SO AS TO ALLOW FOR THE SALE OF BEER, WINE, AND SPIRITS AND ASSOCIATED RETAIL MERCHANDISE IN COMPLIANCE WITH OKLAHOMA ABLE COMMISSION; AND PROVIDING FOR THE SEVERABILITY THEREOF.

**BACKGROUND:** The Zoning Ordinance does not allow the sale of “smaller” retail items/small scale retail uses in the I-1, Light Industrial District. In addition, a bar, lounge or tavern is a prohibited use. The sale of “large ticket” items such as automobiles, boats and building materials sales are currently allowed uses in the I-1 District.

**DISCUSSION:** In recent years, craft breweries have jumped to the forefront as small businesses; there has been a rise in the number of craft breweries seen on the market and yet they struggle to find appropriate zoning for their businesses. These businesses have large tanks or barrels and equipment for processing the product and a decent amount of storage for stock, bottling and packaging for distribution. These craft breweries are locating in areas similar in use, areas designated for manufacturing, i.e., industrial zoned districts.

The State of Oklahoma adopted Senate Bill No. 424 (SB 424) allowing breweries to serve and sell craft beers at their business site; this new law became effective August 25, 2016. A copy of SB 424 is attached for your review. Up until the recent adoption of SB 424 local breweries were not permitted to sell their craft beers to customers for on-site consumption or as package items to consume off-site. Wholesaling was the only means of distribution permitted. As of September 2016 the State of Oklahoma had 13 breweries registered with Oklahoma ABLE Commission, see attached list.

A brewery is a manufacturing use with some associated retail components, such as the sale of secondary related products, for instance glasses, t-shirts and other items the business may carry on-site to promote their product, not to mention the sale of their crafted beer for off-site consumption. The focal point for breweries is to provide a tasting room for visitors to sample the crafted brew on the site, while offering tours of the brewery and discussions with staff how the beer is made.

Currently, there is one brewing company in Norman, 405 Brewing Company, located at 1716 Topeka Drive in the I-1, Light Industrial District. Staff received a request for information from a vodka distillery looking at a site in the I-1 District in early 2015; however, nothing ever finalized for their relocation to the I-1 District. Staff included distilleries in this amendment as forethought for future businesses in the area, as long as they are licensed by ABLE Commission.

The 405 Brewing Company does not currently have a tasting room. The Zoning Ordinance does not currently allow bar/alcohol consumption and the associated retail desired for many

of these businesses in the I-1 District. Therefore, staff has prepared this requested amendment to assist the local breweries in growing their businesses, allowing for sale and consumption of alcohol on-site. The manufacturing of craft beer or spirits is an allowed use under the current guidelines of manufacturing in the I-1 District; the purpose of this amendment is to allow manufacturing and alcohol consumption and sales in the same location as allowed by SB 424.

This Code amendment will allow for and accommodate the recently adopted Oklahoma ABLE Commission laws to allow the breweries and, if requested, distilleries to locate in the I-1 District while selling and consuming their product manufactured on-site as well as associated retail items, all within the guidelines of the Oklahoma ABLE Commission and licensing required by the City Clerk for consumption of alcohol in the I-1 District.

**STAFF RECOMMENDATION:** Staff recommends approval of Ordinance No. O-1617-16, an amendment to Chapter 22 of the City Code (Zoning Ordinance), to allow for sale and consumption of beer, wine, and spirits and associated retail merchandise on the same premises where the product is manufactured in compliance with State of Oklahoma ABLE Commission regulations.