



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Conditional Use

HEARING DATE: DECEMBER 2, 2010

Date: November 22, 2010
Case No.: **2010.0720 C**
Project Address: **2505 3rd STREET**
Zoning: PDR-1-G (Production, Distribution and Repair - General)
Innovative Industries Special Use District
68-X Height and Bulk District
Block/Lot: 4173/001
Project Sponsor: Magnolia Brewery
c/o Rebecca Amato
688 Fairmont Ave, #4
Oakland, CA 94611
Staff Contact: Corey Teague – (415) 575-9081
corey.teague@sfgov.org

1650 Mission St.
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San Francisco,
CA 94103-2479

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415.558.6378

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Planning
Information:
415.558.6377

PROJECT DESCRIPTION

The applicant proposes to establish an approximately 5,900 square foot locally owned artisan beer production facility (dba Magnolia Brewery) and an approximately 2,400 square foot, yet-to-be named full-service restaurant within an existing building. The brewery and restaurant require a Type 23 Small Beer Manufacturer license from the California Department of Alcohol Beverage Control. Magnolia Brewery currently owns and operates a brewery and restaurant (dba Magnolia Gastropub and Brewery) at the northeast corner of Haight and Masonic Streets. However, that location is limited in size and can not meet current and projected demand.

The proposed brewery is designed to add capacity to Magnolia's total beer production in order to meet increased demand at its restaurant, to supply beer to the proposed new restaurant, and to meet existing wholesale demand. The brewery will initially contain three to four fermentation vessels and produce 60 to 80 barrels per week. The brewery space is large enough to accommodate eight to ten fermentation vessels, resulting in an eventual production of approximately 10,000 barrels per year. The initial brewery operation will require three to five employees, which may go up as production increases. Brewing operations will take place during regular weekday hours, with occasional brewing on weekends as needed. Deliveries would be limited to several per week from vendors, and one to three pick-ups per week.

The restaurant concept is not completely finalized, but the final concept and food program is expected to be similar to the Magnolia Gastropub and Brewery and Alembic Bar, its sister restaurant also in the Haight. It will focus on local sourcing and high-quality, made-from-scratch ingredients designed to

compliment the house-made beer in a casual environment. It will have approximately 45 table seats and 15 bar seats, generally operate during lunch and dinner hours, and employ fifteen to twenty people.

SITE DESCRIPTION AND PRESENT USE

The project site is an approximately 8,300 square foot unit located near the southeastern corner of 3rd Street and 22nd Street inside the south building of the American Industrial Center (original American Can Company building). The building is part of the larger American Industrial Center complex, which includes two buildings (north and south) containing more than 300 units ranging from 250 square feet to more than 35,000 square feet. The unit(s) proposed for occupancy by the brewery and restaurant is currently vacant. However, the building currently houses a wide variety of uses ranging from warehousing (Ambassador Toys, Crush Pad, and others), to bakeries (International Pastry and others), to martial arts studios (Heart of San Francisco Akido).

SURROUNDING PROPERTIES AND NEIGHBORHOOD

The project site is in the Central Waterfront plan area and the Dogpatch neighborhood, which includes a mix of industrial, commercial, and residential uses. The Dogpatch Historic district lies directly to the west across 3rd Street, and is comprised of almost one-hundred flats and cottages, as well as several industrial, commercial, and civic buildings, most of which were erected between 1870 and 1930. Additionally, the north building of the American Industrial Center complex lies directly north across 22nd Street from the project site and is listed on the California Register of Historic Resources.

ENVIRONMENTAL REVIEW

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 1 categorical exemption.

HEARING NOTIFICATION

TYPE	REQUIRED PERIOD	REQUIRED NOTICE DATE	ACTUAL NOTICE DATE	ACTUAL PERIOD
Classified News Ad	20 days	November 12, 2010	November 12, 2010	20 days
Posted Notice	20 days	November 12, 2010	November 12, 2010	20 days
Mailed Notice	10 days	November 19, 2010	November 17, 2010	12 days

PUBLIC COMMENT

- The Department received one letter of support for the project.

ISSUES AND OTHER CONSIDERATIONS

- Currently, there is not a proposed sign permit on file with the Planning Department. The proposed restaurant does not have a name as of this writing. Any proposed signage will be subject to the review and approval of the Planning Department.
- The proposed use is an independent use and locally owned, which has been encouraged throughout San Francisco. This is not a Formula Retail use and would serve the immediate neighborhood.
- The restaurant is subject to the applicable Eastern Neighborhoods impact fee.

REQUIRED COMMISSION ACTION

In order for the project to proceed, the Commission must grant conditional use authorization to allow for a brewery in the PDR-1-G District per Planning Code Section 226(h)(2).

BASIS FOR RECOMMENDATION

The Department believes this project is necessary and/or desirable under Section 303 of the Planning Code for the following reasons:

- The project promotes small-business ownership and resident employment.
- The project is a neighborhood serving use and will supply good for other businesses within the City.
- The proposal is an appropriate mix of PDR and retail uses that does not negatively impact the existing building's ability to house PDR uses.
- The proposal advances the City's "Transit First" policy by providing an active neighborhood use immediately adjacent to the MUNI T-3rd light rail line and 48 bus line.
- The project meets all applicable requirements of the Planning Code.
- The project is consistent with the Innovative Industries Special Use District, the Central Waterfront Area Plan, and the General Plan.

RECOMMENDATION: Approval with Conditions
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Attachments:

Draft Motion
Parcel Map
Sanborn Map
Aerial Photographs
Zoning Map
Site Photos
Sponsor Materials
Reduced Plans

Attachment Checklist

- | | |
|---|---|
| <input checked="" type="checkbox"/> Executive Summary | <input type="checkbox"/> Site Photos |
| <input checked="" type="checkbox"/> Draft Motion | <input checked="" type="checkbox"/> Project sponsor submittal |
| <input type="checkbox"/> Environmental Determination | Drawings: <u>Existing Conditions</u> |
| <input checked="" type="checkbox"/> Zoning District Map | <input checked="" type="checkbox"/> Check for legibility |
| <input type="checkbox"/> Height & Bulk Map | Drawings: <u>Proposed Project</u> |
| <input checked="" type="checkbox"/> Parcel Map | <input checked="" type="checkbox"/> Check for legibility |
| <input checked="" type="checkbox"/> Sanborn Map | <input type="checkbox"/> Health Dept. review of RF levels |
| <input checked="" type="checkbox"/> Aerial Photo | <input type="checkbox"/> RF Report |
| <input type="checkbox"/> Context Photos | <input type="checkbox"/> Community Meeting Notice |

Exhibits above marked with an "X" are included in this packet

Planner's Initials

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SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

- | | |
|--|---|
| <input type="checkbox"/> Affordable Housing (Sec. 415) | <input type="checkbox"/> First Source Hiring (Admin. Code) |
| <input type="checkbox"/> Jobs Housing Linkage Program (Sec. 413) | <input type="checkbox"/> Child Care Requirement (Sec. 414) |
| <input type="checkbox"/> Downtown Park Fee (Sec. 412) | <input checked="" type="checkbox"/> Eastern Neighborhoods Impact Fee (Sec. 423) |

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Planning Commission Draft Motion

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ADOPTING FINDINGS RELATING TO THE APPROVAL OF CONDITIONAL USE AUTHORIZATION PURSUANT TO SECTIONS 226(H)(2) AND 303 OF THE PLANNING CODE TO ALLOW A BREWERY AND FULL-SERVICE RESTAURANT WITHIN THE PDR-1-G (PRODUCTION, DISTRIBUTION AND REPAIR – GENERAL) DISTRICT, THE INNOVATIVE INDUSTRIES SPECIAL USE DISTRICT, AND A 68-X HEIGHT AND BULK DISTRICT.

PREAMBLE

On August 23, 2010 Rebecca Amato (hereinafter “Project Sponsor”) filed an application with the Planning Department (hereinafter “Department”) for Conditional Use Authorization under Planning Code Sections 226(h)(2) and 303 to allow a brewery and full-service restaurant within the PDR-1-G (Production, Distribution and Repair – General) District, the Innovative Industries Special Use District, and a 68-X Height and Bulk District.

On December 2, 2010, the San Francisco Planning Commission (hereinafter “Commission”) conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Application No. 2010.0720C.

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 1 categorical exemption.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Conditional Use requested in Application No. 2010.0720C, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The project site is an approximately 8,300 square foot unit located near the southeastern corner of 3rd Street and 22nd Street inside the south building of the American Industrial Center (original American Can Company building). The building is part of the larger American Industrial Center complex, which includes two buildings (north and south) containing more than 300 units ranging from 250 square feet to more than 35,000 square feet. The unit(s) proposed for occupancy by the brewery and restaurant is currently vacant. However, the building currently houses a wide variety of uses ranging from warehousing (Ambassador Toys, Crush Pad, and others), to bakeries (International Pastry and others), to martial arts studios (Heart of San Francisco Akido).
3. **Surrounding Properties and Neighborhood.** The project site is in the Central Waterfront plan area and the Dogpatch neighborhood, which includes a mix of industrial, commercial, and residential uses. The Dogpatch Historic district lies directly to the west across 3rd Street, and is comprised of almost one-hundred flats and cottages, as well as several industrial, commercial, and civic buildings, most of which were erected between 1870 and 1930. Additionally, the north building of the American Industrial Center complex lies directly north across 22nd Street from the project site and is listed on the California Register of Historic Resources.
4. **Project Description.** The applicant proposes to establish an approximately 5,900 square foot locally owned artisan beer production facility (dba Magnolia Brewery) and an approximately 2,400 square foot, yet-to-be named full-service restaurant within an existing building. The brewery and restaurant require a Type 23 Small Beer Manufacturer license from the California Department of Alcohol Beverage Control. Magnolia Brewery currently owns and operates a brewery and restaurant (dba Magnolia Gastropub and Brewery) at the northeast corner of Haight and Masonic Streets. However, that location is limited in size and can not meet current and projected demand.

The proposed brewery is designed to add capacity to Magnolia's total beer production in order to meet increased demand at its restaurant, to supply beer to the proposed new restaurant, and to meet existing wholesale demand. The brewery will initially contain three to four fermentation vessels and produce 60 to 80 barrels per week. The brewery space is large enough to accommodate eight to ten fermentation vessels, resulting in an eventual production of approximately 10,000 barrels per year. The initial brewery operation will require three to five employees, which may go up as production increases. Brewing operations will take place during regular weekday hours, with occasional brewing on weekends as needed.

The restaurant concept is not completely finalized, but the final concept and food program is expected to be similar to the Magnolia Gastropub and Brewery and Alembic Bar, its sister restaurant also in the Haight. It will focus on local sourcing and high-quality, made-from-scratch ingredients designed to compliment the house-made beer in a casual environment. It will have approximately 45 table seats and 15 bar seats, generally operate during lunch and dinner hours, and employ fifteen to twenty people.

5. **Public Comment.** The Department received one letter of support for this project.
6. **Planning Code Compliance:** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:
 - A. **Brewery.** Planning Code Section 226(h)(2) states that a Conditional Use Authorization is required for a brewery in the PDR-1-G District.

The Project is seeking the required Conditional Use authorization for the brewery.

- B. **Restaurant.** PDR-1-G limits retail uses to only 2,500 gross square feet per property. However, the project site also falls within the Innovative Industries Special Use District, which states that retail uses shall be subject to the size controls applicable in the Urban Mixed Use District, as stated in Sec. 843.45. As such, up to 25,000 gross square feet of retail use is permitted as of right on the project site.

The project site currently includes only 1,200 gross square feet of retail use (Mr. and Mrs. Miscellaneous ice cream shop). The proposed 2,400 gross square foot restaurant will bring the total retail space to 3,600 gross square feet.

- C. **Parking.** Planning Section 151.1 does not require any parking for the proposed brewery or full-service restaurant. Up to one space per 1,500 square feet for the brewery, plus 50 percent, is allowed. Up to one space per 200 square feet for the restaurant, plus 50 percent, is allowed.

The project proposes no off-street parking.

- D. **Eastern Neighborhoods Impact Fees.** The restaurant portion of the project is subject to the Eastern Neighborhoods impact fee per Planning Code Section 423.

The brewery is classified as a PDR use and is therefore not subject to impact fees. However, the approximately 2,400 gross square feet of restaurant is subject to the applicable Eastern Neighborhoods impact fee of Section 423.

7. **Planning Code Section 303** establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use approval. On balance, the project does comply with said criteria in that:

- A. The proposed new uses and building, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.

The existing neighborhood is defined by a mix of industrial, residential, and small, locally-owned commercial establishments. The proposed brewery and full-service restaurant also are consistent with the variety of uses found within the American Industrial Center. The total project is less than 10,000 square feet within an existing building, so the visual and land use impacts will be minimal. Additionally, the project site falls within the Innovative Industries Special Use District, the purpose of which is to provide affordable office space to small firms and organizations which are engaged in innovative activities, including incubator businesses and microenterprises. As such, a locally-owned micro-brewery and associated restaurant are appropriate uses on the project site.

- B. The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity. There are no features of the project that could be detrimental to the health, safety or convenience of those residing or working the area, in that:

- i. Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

The proposed brewery and restaurant will occupy a very small portion of the existing building, which already includes a large number of tenants of various uses. The proposed project will not expand the existing building or significantly alter its exterior.

- ii. The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading;

The Planning Code does not require parking or loading for the proposed brewery and restaurant. Deliveries and loading for the brewery will take place through the existing roll-up door on 22nd Street. The proposed uses are designed to meet the needs of the immediate neighborhood and should not generate significant amounts of vehicular trips from the immediate neighborhood or citywide.

- iii. The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;

The proposed use is subject to the standard conditions of approval for full-service restaurants and outlined in Exhibit A. The brewery will be vented at the roof of the existing building, more than 100 feet away from the closest residential uses.

- iv. Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;

The proposed brewery and full-service restaurant do not include any open spaces or parking areas. Signage for the brewery and restaurant will be reviewed under a separate permit.

- C. That the use as proposed will comply with the applicable provisions of the Planning Code and will not adversely affect the General Plan.

The Project complies with all relevant requirements and standards of the Planning Code and is consistent with objectives and policies of the General Plan as detailed below.

- D. That the use as proposed would provide development that is in conformity with the purpose of the applicable Neighborhood Commercial District.

The proposal does not fall within a Neighborhood Commercial district. However, it is compatible with the PDR-1-G District and the Innovative Industries Special Use District.

- 8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY

Objectives and Policies

OBJECTIVE 1:

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1:

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development that has substantial undesirable consequences that cannot be mitigated.

Policy 1.2:

Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

Policy 1.3:

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

The proposed development will provide desirable goods and services to the neighborhood and will provide resident employment opportunities to those in the community. Locating the brewery and restaurant in the existing American Industrial Center south building will not result in undesirable consequences. Further, the Project Site is located within a PDR District and the Innovative Industries Special Use District and is thus consistent with activities in the commercial land use plan.

OBJECTIVE 2:

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1:

Seek to retain existing commercial and industrial activity and to attract new such activity to the City.

The Project will allow a locally-owned business to expand within the City and will enhance the diverse economic base of the City.

CENTRAL WATERFRONT AREA PLAN

Objectives and Policies

OBJECTIVE 1.1:

ENCOURAGE THE TRANSITION OF PORTIONS OF THE CENTRAL WATERFRONT TO A MORE MIXED-USE CHARACTER, WHILE PROTECTING THE NEIGHBORHOOD'S CORE OF PDR USES AS WELL AS THE HISTORIC DOGPATCH NEIGHBORHOOD.

Policy 1.1.9:

Permit and encourage greater retail uses on the ground floor on parcels that front 3rd Street to take advantage of transit service and encourage more mixed uses, while protecting against the wholesale displacement of PDR uses.

The Project will allow a full-service restaurant that fronts directly onto 3rd Street. Allowing the brewery will add another PDR use to the building and neighborhood.

OBJECTIVE 1.7:

RETAIN THE CENTRAL WATERFRONT'S ROLE AS AN IMPORTANT LOCATION FOR PRODUCTION, DISTRIBUTION, AND REPAIR (PDR) ACTIVITIES.

Policy 1.7.1:

In areas designated for PDR, protect the stock of existing buildings used by, or appropriate for, PDR businesses by restricting conversions of industrial buildings to other building types.

The Project falls within the American Industrial Center south building, which houses a variety of uses, including many PDR uses. The project site also falls within the Innovative Industries Special Use District,

which grants more flexibility to uses to encourage innovation in appropriate spaces. The proposal is an appropriate mix of PDR and retail uses that does not negatively impact the existing building's ability to house PDR uses.

9. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The proposal is a locally owned brewery and restaurant that will provide resident employment opportunities. The area currently has a wide variety of uses and has recently seen the openings of several locally owned restaurants. The proposal would only add to that existing commercial character.

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

The proposal falls within an existing non-residential building that will not be enlarged or altered as part of the project. No housing will be impacted by the project.

- C. That the City's supply of affordable housing be preserved and enhanced,

No housing is removed for this project.

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The site is on the T-3rd MUNI rail line and is also served by the 48 and 22 MUNI bus lines. The relatively small scale of the project will result in little to no impact on traffic or neighborhood parking.

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The proposal will not displace any existing business, and will enhance the diversity of uses that already exist within the building and the neighborhood.

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The existing building recently received extensive seismic upgrades and the proposed tenant improvements for this project will not impact the health or safety of occupants or adjacent neighbors during an earthquake.

- G. That landmarks and historic buildings be preserved.

The existing building is a potential historic resource, but has not yet been identified as such. Additionally, the proposal will not expand the existing building or alter the exterior.

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

The project will have no negative impact on existing parks and open spaces. The Project does not have an impact on open spaces.

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
11. The Commission hereby finds that approval of the Conditional Use authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Conditional Use Application No. 2010.0720C** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans filed with the Application as received on November 15, 2010 and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Conditional Use Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion No. XXXXX. The effective date of this Motion shall be the date of this Motion if not appealed (After the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on December 2, 2010.

Linda D. Avery
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: December 2, 2010

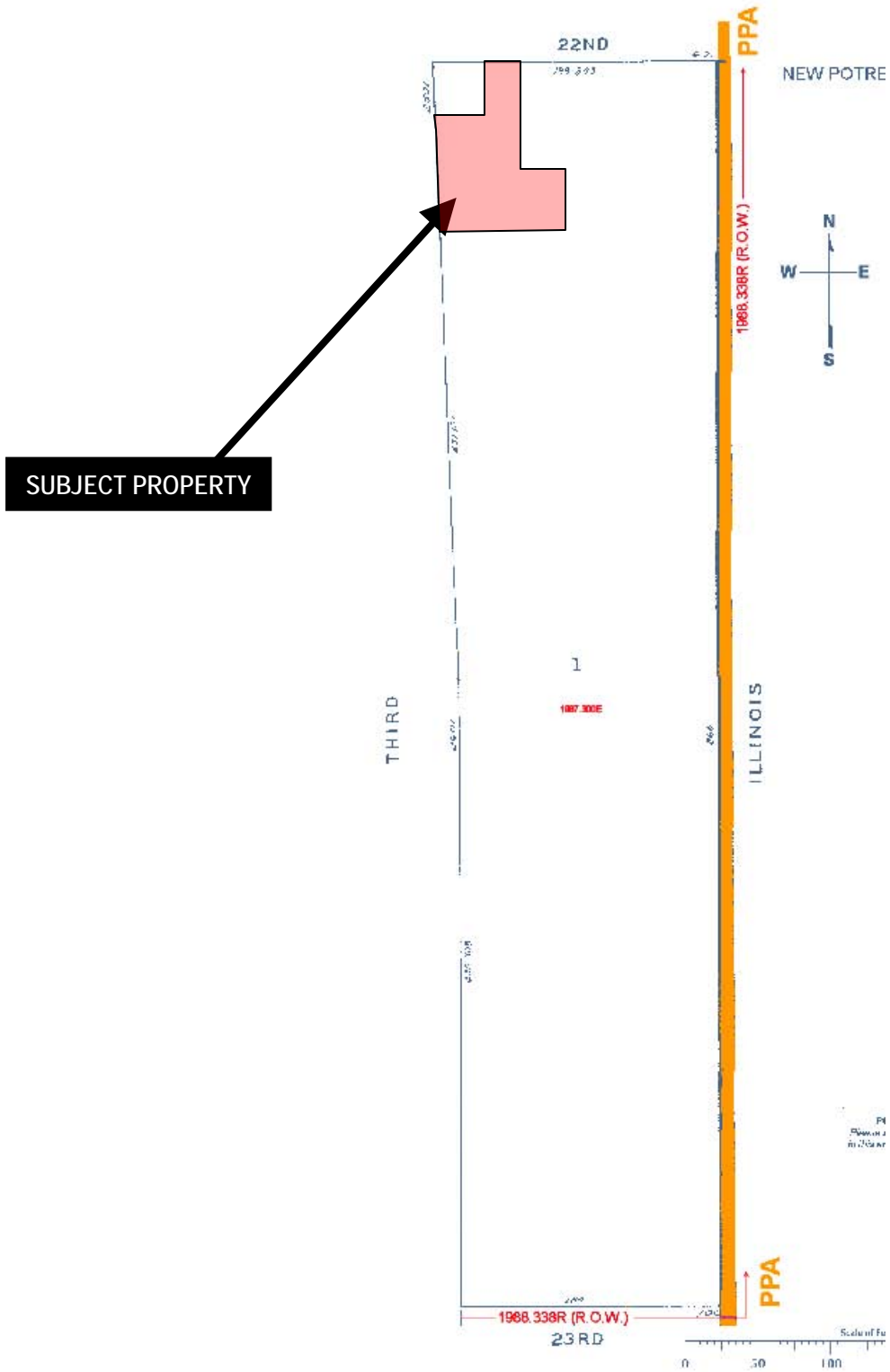
Exhibit A

Conditions of Approval

1. This authorization is for a Conditional Use Authorization under Planning Code Sections 226(h)(2) and 303 to allow a brewery and full-service restaurant within the PDR-1-G (Production, Distribution and Repair – General) District, the Innovative Industries Special Use District, and a 68-X Height and Bulk District, in general conformance with plans filed with the Application as received on November 15, 2010 and stamped “EXHIBIT B” included in the docket for **Case No. 2010.0720C**, reviewed and approved by the Commission on December 2, 2010.
2. Prior to the issuance of the Building Permit for the Project the Zoning Administrator shall approve and order the recordation of a notice in the Official Records of the Recorder of the City and County of San Francisco for the premises (Assessor’s 4173, Lot 001), which notice shall state that construction has been authorized by and is subject to the conditions of this Motion.
3. Violation of the conditions contained in this Motion or of any other provisions of the Planning Code may be subject to abatement procedures and fines up to \$250 a day in accordance with Planning Code Section 176.
4. Should monitoring of the Conditions of Approval contained in Exhibit A of this Motion be required, the Project Sponsor or successors shall pay fees as established in Planning Code Section 351(e)(1).
5. The property owner shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean condition. Such maintenance shall include, at a minimum, daily litter pickup and disposal, and washing or steam cleaning of the main entrance and abutting sidewalks at least once each week.
6. Signs and exterior lighting for the business shall be reviewed and approved by the Planning Department before they are installed.
7. The Project Sponsor shall maintain an attractive storefront providing visibility of the restaurant interior through the storefront windows.
8. The Project shall appoint a Community Liaison Officer to address issues of concern to neighbors related to the operation of this Project. The Project Sponsor shall report the name and telephone number of this Officer to the Zoning Administrator and the neighborhood for reference. The Applicant will keep the above parties apprised should a different staff liaison be designated.
9. The project sponsor shall maintain appropriate odor control equipment to prevent any significant noxious or offensive kitchen odors from escaping the premises.

10. The project sponsor shall operate the proposed restaurant such that noise is kept at reasonable levels so as not to unduly disturb neighboring businesses and residents.
11. Refuse containers shall be provided both inside and outside the establishment for use by patrons of the restaurant. The operator of the use shall be responsible for maintaining the sidewalk within a one-block radius of the site free of paper or litter generated by the restaurant.
12. An enclosed garbage area shall be provided within the establishment. All garbage containers shall be kept within the building until pick-up by the disposal company.
13. The authorization and right vested by virtue of this action shall be deemed void and canceled if, within 3 years of the date of this Motion, a site permit or building permit for the Project has not been secured by Project Sponsor. This authorization may be extended at the discretion of the Zoning Administrator only if the failure to issue a permit by the Department of Building Inspection is delayed by a city, state, or federal agency or by appeal of the issuance of such permit.

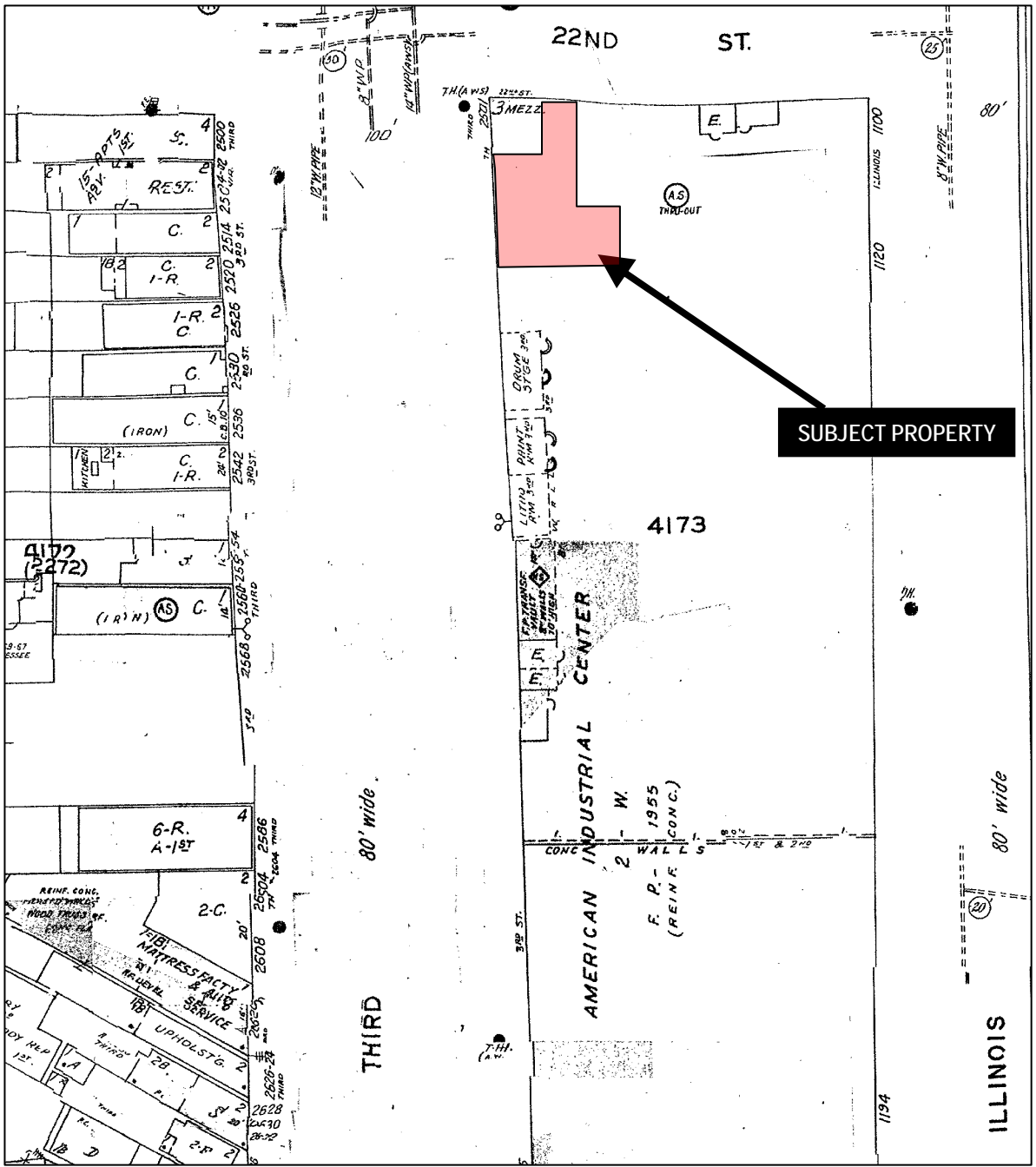
Parcel Map



Conditional Use Hearing
Case Number 2010.0720C
Brewery and Full-Service Restaurant
2505 3rd Street



Sanborn Map*



*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.



Conditional Use Hearing
 Case Number 2010.0720C
 Brewery and Full-Service Restaurant
 2505 3rd Street

Aerial Photo



Conditional Use Hearing
Case Number 2010.0720C
Brewery and Full-Service Restaurant
2505 3rd Street

Aerial Photo

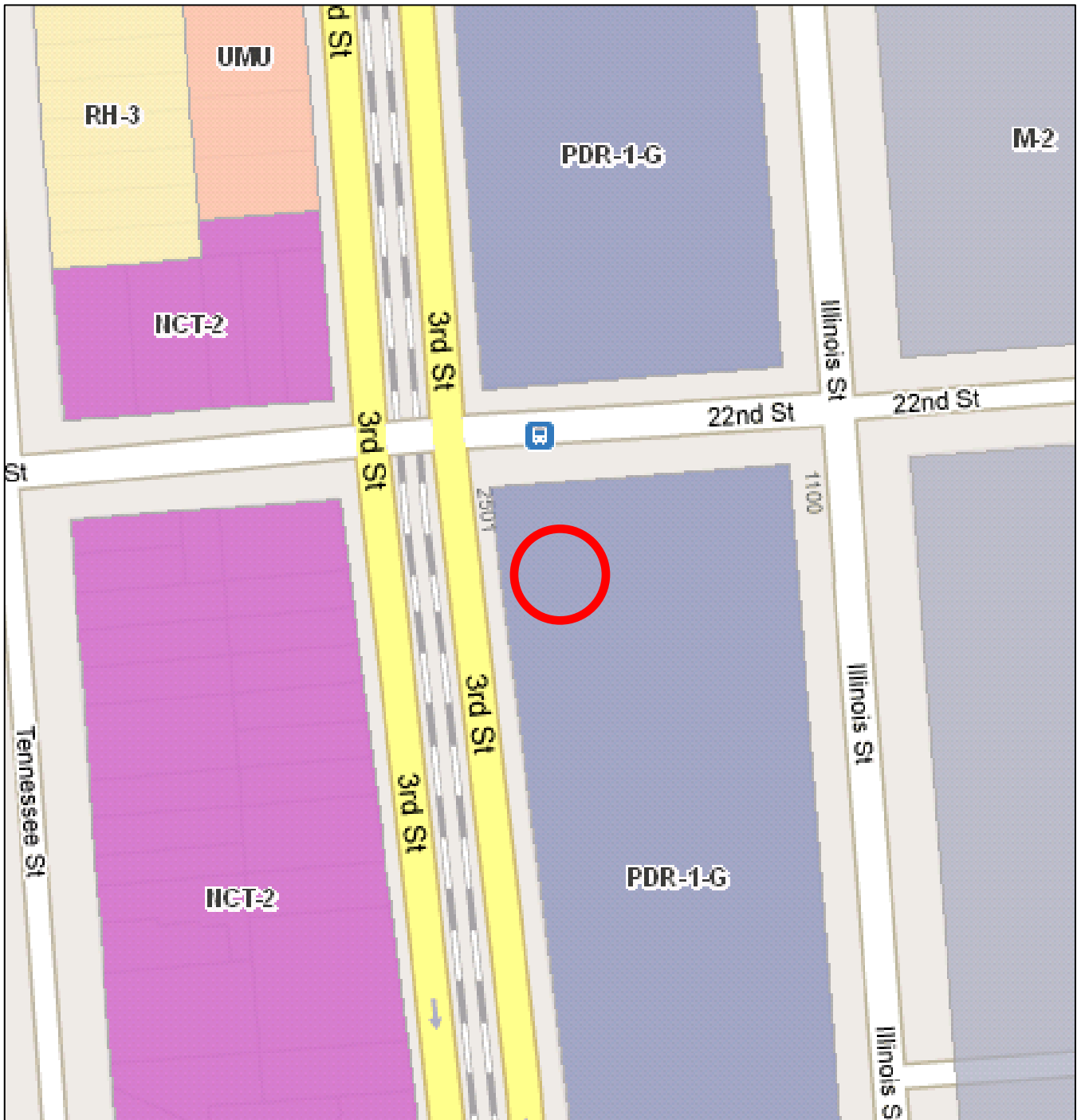


SUBJECT PROPERTY



Conditional Use Hearing
Case Number 2010.0720C
Brewery and Full-Service Restaurant
2505 3rd Street

Zoning Map



Conditional Use Hearing
Case Number 2010.0720C
Brewery and Full-Service Restaurant
2505 3rd Street

Site Photos



Conditional Use Hearing
Case Number 2010.0720C
Brewery and Full-Service Restaurant
2505 3rd Street



688 FAIRMOUNT AVENUE, 4
OAKLAND, CALIFORNIA 94611

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MAGNOLIA BREWERY

2505 3RD Street – Proposed Location

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- 3. **Drawings..... Page 10**

MAGNOLIA BREWERY

Dogpatch Expansion

To Whom It May Concern:

The proposed Magnolia brewery project at 2505 3rd Street in the American Industrial Center (South Building) would bring an artisan beverage production facility and attached restaurant to the Dogpatch community while allowing an established, world-class San Francisco business to grow and share its SF-made products with a wider audience.

Magnolia Gastropub & Brewery, located at 1398 Haight Street in the Upper Haight needs to expand its brewing operations. It is currently unable to meet demand within the existing restaurant nor its wholesale orders.

MAGNOLIA BACKGROUND

Magnolia Gastropub & Brewery is a “brewpub”, which is defined as a brewery that sells more than 50% of its production directly to the public, on-site, in an attached pub/restaurant. On the brewing side, it produces small-batch, artisan beer in 200-gallon batches (7 U.S. barrels) in the basement beneath the restaurant. The Magnolia concept is centered on the combination of made-from-scratch, locally-sourced, sustainable food and its unique, flavorful, craft beer served in a casual, neighborhood environment.

I opened Magnolia in 1997 after discovering the craft beer movement in its infancy in 1988/89, which inspired me to homebrew as a hobby and then attend the Master Brewers Program at UC Davis to prepare me to brew professionally.

Placing equal emphasis on high-quality, seasonal food alongside the beer has allowed Magnolia to differentiate itself in the marketplace and, along with the overall growth in craft beer in recent years, has helped grow revenue (and beer volume sold) every year in its history. It has a growing, loyal following, receives considerable media attention for its products, and has won awards for both its food and its beer (most recently a gold medal at the Great American Beer Festival in Denver, CO in 2009). It regularly wins local “best of” awards in the SF Bay Guardian and SF Weekly and has been recognized in several “top” lists, including being named one of the Top 100 Places to Drink Beer in the US by a national magazine.

Magnolia is now recognized as a leader in its field when it comes to introducing craft beer lovers to sustainable food, agricultural awareness, and farm-to-table cooking. Similarly, it helps raise awareness of craft beer in the wider, artisan food community that thrives so well here in the Bay Area.

Magnolia markets itself nationally and internationally in addition to its local efforts, representing its beer as San Francisco-made at events like the Great American Beer Festival, the Savor Beer and Food Experience in Washington, DC, and the Slow Food Movement's Salone del Gusto in Turin, Italy.

All of the above factors enabled Magnolia to reach its maximum, annual brewing capacity of 1000 barrels in 2008 due to the size of the brewery. Since then, the brewery has struggled to keep up with demand while fielding many more inquiries about buying beer than can possibly be met. We've had to pull out of many wholesale accounts in order to keep sufficient beer available at the restaurant to meet demand there. The effects are reduced selection, diminished customer satisfaction, and an inability to take advantage of years of goodwill and reputation-building via growth.

ALEMBIC

In 2006, I opened Alembic Bar, a small plates and artisan cocktail bar and restaurant also on Haight Street. It took the quality and sourcing values embraced at Magnolia and applied them to parallel food and beverage concepts in the same way. As with Magnolia, the central focus is to expose people to and connect them with the very best food and drink artisans and their products. In this case, emphasis is on small-batch spirits and the cocktails that can be made with them, but Alembic has a carefully-curated beer program, as well, including several Magnolia beers on tap.

Alembic was recognized almost immediately as one of the country's leaders in the artisan cocktail movement and has won many awards for the quality of its food and beverages. It has been listed in several prominent media outlets as one of the top bars in the U.S. and the world. The extension of the Magnolia philosophy into this related format has strengthened Magnolia's own brand identity and the general appreciation of its vision.

THE CRAFT BEER INDUSTRY

Craft breweries are defined as "small, independent, and traditional." The American public, and especially those in the Bay Area, are enthusiastically choosing craft beer over mass-produced beer as part of the larger movement toward artisan foods and beverages. Nationally, craft beer sales are up 9% by volume in the first half of 2010 while the overall beer industry volume is down 2.7%. The U.S. now boasts 1,625 breweries, over 90% of which are considered "craft", with 100 new breweries having opened since July 2009. That total number now stands at its highest in 100 years.

Locally, San Francisco has always had strong brewing traditions with which today's breweries enjoy a connection. There were dozens of breweries in the City in the late 19th and early 20th Centuries and San Francisco was considered the brewing center of the west prior to Prohibition. The modern craft beer renaissance also began in and around San Francisco, with many of the first examples of such new breweries opening in the area. For this reason as well as the general trend toward small, local, artisan products, San Francisco has always far exceeded national sales and market share averages and, despite a relatively few number of breweries in the City today, it is considered a great craft beer city. Local, quality craft beer is available nearly everywhere beer is sold from neighborhood markets to the City's top restaurants. The people of San Francisco have demonstrated a 30+ year growing passion for craft beer.

COMMUNITY FOCUS

I've always been attracted to the community aspect of craft brewing and it has been at the core of how I operate Magnolia and Alembic and my plans for expansion. Small, local breweries share a long history of being deeply woven into the fabric of their communities, engendering local pride and fostering awareness of the pleasure of consuming products made nearby. Pubs, too, have long been a vital social institution fostering community building. In more recent history, one of the first successful consumer movements (in the UK in the early 70's) fought brewery consolidation in order to keep traditional, local breweries and their beer in their communities. Carlo Petrini, founder of the Slow Food Movement in Italy in the 1980's, recognizes that UK beer movement (called CAMRA, the Campaign for Real Ale) as an early inspiration for Slow Food.

Cooperation and collaboration have also been a part of craft beer culture for ages and today's craft brewers work together on a number of fronts, most significantly in the brewing of special beers together and in promoting the most appealing features of small, independent breweries. I was one of the founding members of the San Francisco Brewers Guild in 2004. Its mission is to preserve, promote, and celebrate the heritage and craft of San Francisco's artisan breweries. Today, the Guild is active locally and nationally working on this mission. In addition to the production of well-attended events, the Guild is also working to educate San Franciscans about craft beer and is beginning to work with local hotels to promote beer tourism.

In 2008, I was asked to be the Beer Curator for Slow Food Nation, an event that drew over 50,000 people to multiple locations in San Francisco to experience the best of the country's artisan food and beverage products. I also organized the beer pavilion of Eat Real, a street food and beer event in Jack London Square last year, put on by some of the Slow Food Nation organizers. That event drew over 60,000 people over a 3-day weekend and is being reprised at the end of August at the same location. I was one of the founding organizers of San Francisco Beer Week, now in planning for its third year. This event brings together over 200 craft beer events around the Bay Area during one week every February.

In addition to collaborating with other brewers, Magnolia embraces its relationships with fellow food artisans, leading to events and collaborative products with local businesses like Blue Bottle Coffee, Bi-Rite Creamery, Humphrey Slocombe Ice Cream, Fatted Calf Charcuterie, 4505 Meats, and others.

BREWERY OPERATIONS

The proposed brewery is designed to add capacity to Magnolia's total beer production in order to meet increased demand at Magnolia Gastropub & Brewery on Haight Street, to supply beer to a new restaurant attached to the proposed brewery, to meet existing demand among current wholesale draft customers (bars and restaurants), and to grow into new areas of draft and bottled beer sales. This brewery would produce batches of beer about three times the size of the existing brewery, or about 20 barrels (620 gallons). As such, it would start off making only the most popular, highest volume Magnolia beer styles while the original brewery on Haight would continue making the rest. Brewing operations at the new brewery would generally take place during normal business hours barring emergencies, though future growth could include more work on weekends.

The process of making beer involves milling malted barley and other grains, mixing it with hot water, separating the resulting liquid from the "spent" grain, boiling that liquid with hops, cooling it, and adding yeast to produce a fermentation. From there, the beer that results from that fermentation is matured for a period of time and then either served directly from a tank or packaged into kegs or bottles.

All of that process prior to the addition of yeast generally takes place on the same day and that activity can be performed as many times as there are available fermentation vessels to brew into. Beer usually stays in the fermentation vessel for one week so that is usually the limiting factor.

Related support functions would include receiving of materials, washing of kegs and/or bottles, loading of beer for shipment to distributors and wholesale restaurant/bar customers, and discharge of spent ingredients (grain and hops).

There is virtually no noise inherent in the production process that could be heard outside the brewery. Deliveries would be periodic, at the rate of several per week from different vendors, and pick-up of finished beer might also be at the rate of 1-3 times a week. Such activity would happen in or near the roll-up door on the 22nd Street side of the building. I would expect this activity to be on a scale very similar to the other, existing businesses in the two AIC buildings. There is no noise specific to such activity that differs from any other light industrial or warehouse activity.

There is only one part of the entire process that produces any noticeable smell outside of a brewery. That is the 3-4 hour period of grain cooking and boiling during which the grain and hops are integrated into the product. Each brew day would include one such period (two in the event of doubling up two brews on a day). For the most part, since barley is in the same grass family as wheat and other baking grains, the smell is akin to that of a bakery. During the boil, hops are then added, which have an herbal or floral aroma that combines with the barley smell. For the most part, most of these smells are contained within the immediate production area in which the brewing is taking place. The kettle, however, would be vented to the roof, sending up vapor from the boiling liquid that contains grain and hop smells. This is similar to all other food production facilities that must vent cooking exhaust, smoke, etc. from the production area. The size of this operation, however, even after the maximum expansion imaginable, is still so small as to minimize the impact of this activity. I would expect the height of the AIC building to cause much of whatever vapor did leave the kettle to dissipate in the air and not come back down to street level or the level of the shorter buildings across 3rd Street.

PRODUCTION SCALE AND IMPACT

The proposed brewery would initially have 3-4 fermentation vessels and, per the above explanation, would therefore brew beer 3-4 times a week, with each brew most likely yielding 20 barrels of beer. The maximum a space of that size could ever have might be 8-10 fermentation vessels. Annual production would therefore start around 2,000-3,000 barrels and top out some years later at about 10,000 barrels. It should be noted that even at the upper end, this would still be considered a small brewery by industry standards. While most brewpubs produce 1,000-3,000 barrels per year, the typical, packaging, regional craft brewery produces well over 20,000 barrels, with the top performers closer to 100,000 barrels. For comparison, I believe Anchor Brewing Co. to be somewhere between 60,000-80,000 barrels per year.

Of the 2,000-10,000 barrels produced, approximately 1,000 would be sold on-site at the attached restaurant, perhaps another 500-750 barrels at the original Magnolia location to meet current demand, and the rest sold wholesale either directly to other bars and restaurants (in San Francisco) or distributors (outside of San Francisco). I estimate that the majority of beer produced at this proposed location will be packaged into kegs for draft service with 25% or less being bottled. Even so, any bottling at this level, or even two or three times this level, seems like a typical use of such a location, no different than a winery or any other business that packages food and beverages. To put this operation in perspective, were an entire batch to be packaged into standard, 12-ounce bottles it would yield less than 275 cases. With this light level of manufacturing I don't believe there to be a noticeable impact on the surrounding community.

LICENSE

Magnolia seeks a Type 23 Small Beer Manufacturer license from the California Department of Alcoholic Beverage Control. This is the same license that Magnolia holds at its Haight Street location as well as the type of license held by many of the City's small breweries and brewpubs. It allows the holder to produce beer, sell it on-site at an attached pub/restaurant, and to self-distribute wholesale beer to other licensed accounts. It has a maximum allowable production of 60,000 barrels per year. Larger San Francisco and California breweries, such as Anchor, Sierra Nevada, Pyramid, etc. (those with production over 60,000 barrels), have a Type 001 Brewery license (that has no limits on production).

In addition, a Type 47 General On-Sale Eating and Drinking Place license may also be sought for the restaurant location in order to provide diners with a full range of beverage options for those interested in something other than beer or wine. The addition of a Type 47 license is common at California brewpubs, including some here in San Francisco. The Type 47 is the most common full-service license in effect at restaurants and does not alter any of the rules of the brewery license.

RESTAURANT/BAR

The restaurant/bar concept requires additional consideration for its final concept and food program but I can say at this time that the overall feel and approach would be consistent with the caliber of food and the experience at Magnolia and Alembic on Haight Street. Like the others, at its core will be a focus on local sourcing and high-quality, made-from-scratch ingredients designed to complement the house-made beer in a casual environment.

The restaurant/bar component of the space, as it is currently designed, would have approximately 45 table seats and another 15 bar seats. More research is needed to arrive at the ideal hours of operation but it would be my goal to serve the neighborhood as much of the day as possible, ideally with lunch and dinner service and a limited menu in between and after dinner. If neighborhood business volume warranted it, opening from 11am or 12pm until 11pm or 12am seems likely.

Restaurant noise, smells, etc. would be identical to any other restaurant, with any mindful operator able to manage potential noise of guests entering and leaving as well as staff and delivery personnel unloading, taking out trash, etc. Magnolia and Alembic have aggressive recycling and compost programs and this proposed space would follow suit.

CONCLUSIONS

I believe that my proposed restaurant/bar at 2505 3rd Street would add a necessary and vital dining and gathering option at which the Dogpatch neighborhood should expect high quality food and drink (specializing in beer made right there) and the attention to detail that comes from having opened and operated two other successful restaurants of the same philosophy. I am familiar with the area and believe that the neighborhood could use and support more such choices. Furthermore, I believe that adding a small, artisan brewery to a former industrial building that also houses an artisan chocolate maker, winemaker, bakery, and ice cream producer is consistent with both the current uses in the building as well as the larger vision for the Dogpatch. This is exactly the kind of local manufacturing that can thrive in San Francisco and become a positive example of creative, viable uses of industrial space along the Eastern Waterfront. Adding a craft brewery to the neighborhood creates an additional source of local pride crucial to a strong, positive neighborhood identity. The community benefits both by having another neighborhood resource to enjoy and by the pride that comes from being home to a quality product not just made in San Francisco but made in the Dogpatch.

Respectfully,

David McLean
Brewmater/Owner
Magnolia Gastropub & Brewery

MAGNOLIA BREWERY
Dogpatch Expansion
Community Letter of Support

From: Susan Eslick <eslickdesigns@mindspring.com>
Date: November 15, 2010 1:18:18 PM PST
To: David McLean <dave@magnoliapub.com>
Subject: Letter of endorsement

Dear David,

Thank you for attending our recent Dogpatch Neighborhood Association meeting. The round of applause you received should be an indication of support from the neighborhood.

Please use this email as my letter of support for Magnolia Brewery moving into the AIC building at the corner of Third St. and 22nd.

I have lived in Dogpatch for over 15 years, both as a resident and as a small business owner. It's very exciting to have your business - a local micro brewery be part of our changing neighborhood. Dogpatch is starting to become quite a food destination and having Magnolia Brewery as part of the mix makes life here all that more exciting.

Please let me know if there is anything I can do to ease your move into Dogpatch.

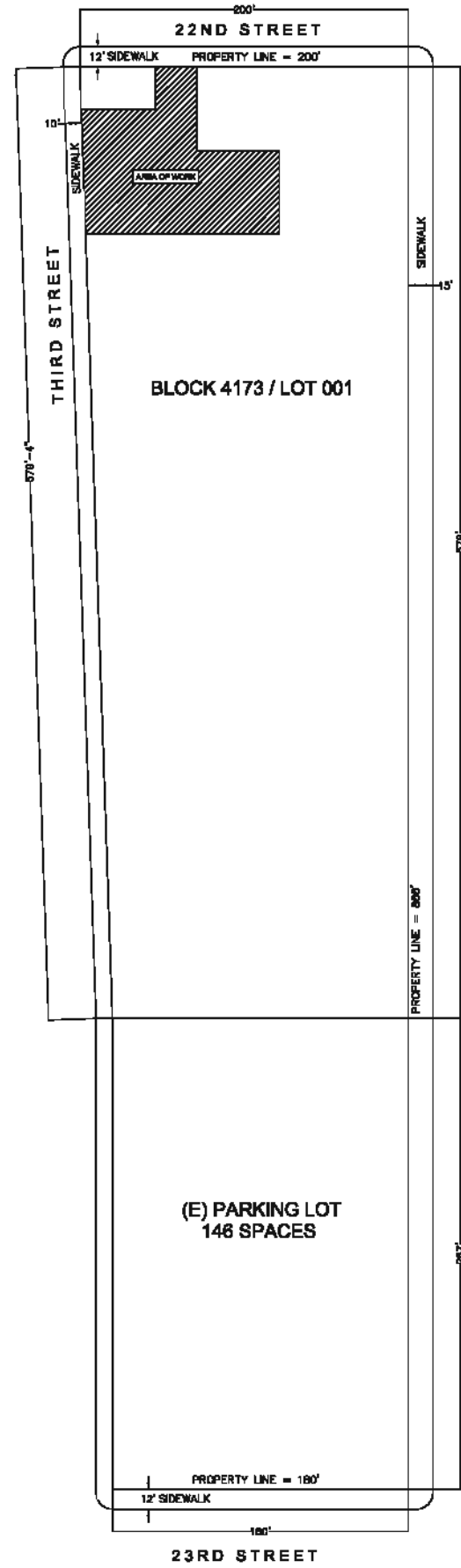
Best,

susan

susan eslick design direct consult
1129 tennessee st
san francisco, ca 94107
415.297.1116
[susan eslick](mailto:susan.eslick)

SITE PLAN

1/48"=1'-0"



OCCUPANCY PLAN

1/16"=1'-0"



OCCUPANCY CHART

FUNCTION	USE	SQ. FT.	%	OCCUPANT LOAD FACTOR	OCCUPANTS
ASSEMBLY / RESTAURANT	768 SF	08%	15 SF / OCCUPANT	51	
KITCHEN COMMERCIAL	1,149 SF	13%	200 SF / OCCUPANT	6	
STORAGE	374 SF	03%	300 SF / OCCUPANT	1	
RESTROOMS / RESTROOMS	498 SF	06%	100 SF / OCCUPANT	5	
MANUFACTURING	8,271 SF (34 LF)	94%	100 SF / OCCUPANT	82	
BWR	226 SF	03%	1 OCC. / 18"	23	
TOTALS		9,287 SF			138

TOTAL BUILDING SQUARE FOOTAGE SUMMARY

GROUP B - BUSINESS/OFFICE SPACE	13,000 SF	4%
GROUP E - EDUCATIONAL	55,000 SF	20%
GROUP F - FACTORY & INDUSTRIAL	133,000 SF	40%
GROUP M - MERCHANTILE / RETAIL	1,200 SF	.5%
GROUP S - STORAGE	26,000 SF	8%
GROUP U - UTILITY / RESTROOMS / CORRIDORS	44,000 SF	13.5%
VACANT (INCLUDING FUTURE SPACE FOR MAGNOLIA)	47,000 SF	14%
TOTALS:	329,200 SF	

INDEX OF DRAWINGS

- ARCHITECTURAL
- A-0.0 COVER SHEET / SITE PLAN
- A-1.0 FIRST FLOOR CONSTRUCTION PLANS

EXISTING PHOTOS



PROJECT INFORMATION

ADDRESS OF PROJECT:
2505 3RD STREET
SAN FRANCISCO, CA 94107

OWNER:
GREGORY MARKOULIS / AMERICAN INDUSTRIAL CENTER

TENANT:
DAVE McCLEAN / MAGNOLIA BREWERY

ARCHITECT:
AMATO ARCHITECTURE
REBECCA IVANS AMATO, AIA
558 FAIRMOUNT AVENUE
OAKLAND, CA 94611
CA LIC. G-25700 EXPIRATION 08/31/11

CONTRACTOR:
MARTIN-HEID DESIGN BUILD
ERIC HEID
5455 SHAFER AVENUE
OAKLAND, CA 94618
CA LIC. EXPIRATION

CONSTRUCTION:
TYPE II - FR

OCCUPANCY:
ZONE: PDR-1G LIGHT INDUSTRIAL

CURRENT CODE EDITIONS:
CBC: 2007 CALIFORNIA BUILDING CODE
CMC: 2007 CALIFORNIA MECHANICAL CODE
CEC: 2007 CALIFORNIA ELECTRICAL CODE
CPC: 2007 CALIFORNIA PLUMBING CODE

BUILDING INFORMATION:
BUILDING HEIGHT: 63' (85' TO PARAPET)
BUILDING IS FULLY SPRINKLERED

SCOPE OF WORK

1. MAINTAIN EXISTING STOREFRONT GLAZING WITH (2) ENTRY/EXIT DOORS. DOORS TO HAVE LEVEL LANDINGS AND MEET ALL ADA CODE COMPLIANT REQUIREMENTS.
2. BUILD (N) BREWERY AND RESTAURANT IN FORMER CAFE / WAREHOUSE SPACE AT FIRST FLOOR WITH NEW ADA COMPLIANT RESTROOMS. COMPLY W/ ALL CURRENT HEALTH DEPARTMENT CODES.
3. NEW FURNITURE, FINISHES AND EQUIPMENT PER PLANS.
4. EXISTING SPRINKLERS TO REMAIN W/ MINOR ALTERATIONS TO ACCOMMODATE NEW INTERIOR LAYOUT UNDER SEPARATE PERMIT.
5. SIGNAGE UNDER SEPARATE PERMIT.
6. ANSUL/FIRE SUPPRESSION SYSTEM UNDER SEPARATE PERMIT.
7. KITCHEN VENT. HOOD UNDER SEPARATE PERMIT.

AMATO ARCHITECTURE
558 FAIRMOUNT AVENUE, NO.4
OAKLAND, CALIFORNIA 94611
TEL 510.420.0210
FAX 510.288.1370
MOB 510.499.2060



PROJECT PROGRESSION:	DATE:
ISSUE FOR REVIEW	08.18.10
CONDITIONAL USE PERMIT	08.19.10

**TENANT IMPROVEMENTS
MAGNOLIA
BREWERY**

**2505 3RD STREET
SAN FRANCISCO, CA 94107
BLOCK: 4173 LOT: 001**

SHEET TITLE:
COVER SHEET / SITE PLAN

SCALE AS NOTED
DRAWN BY RA/SJL
JOB # 2010-06
PLOT PLAN
NORTH

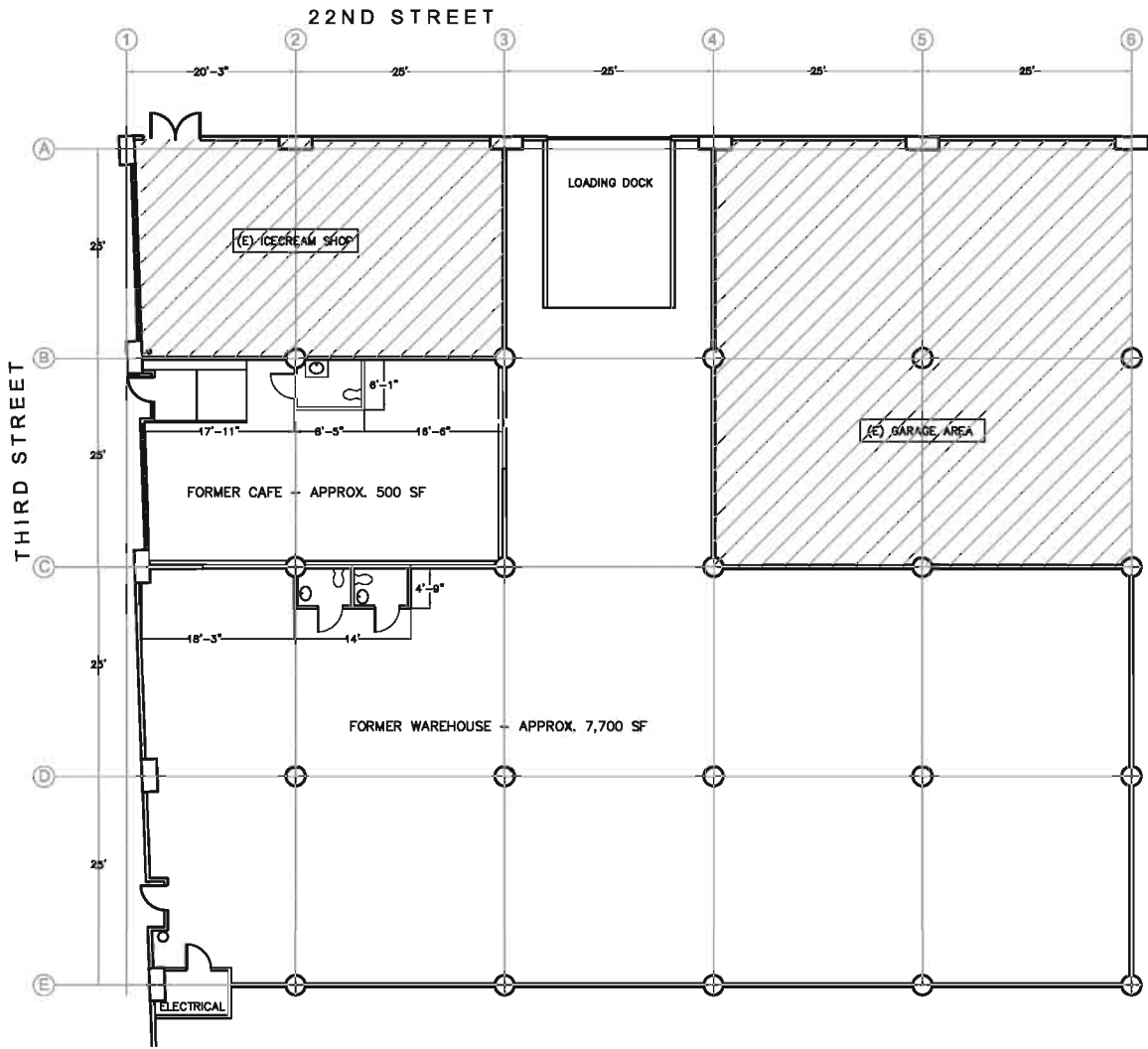
A-0.0

AREA LOCATION PLAN



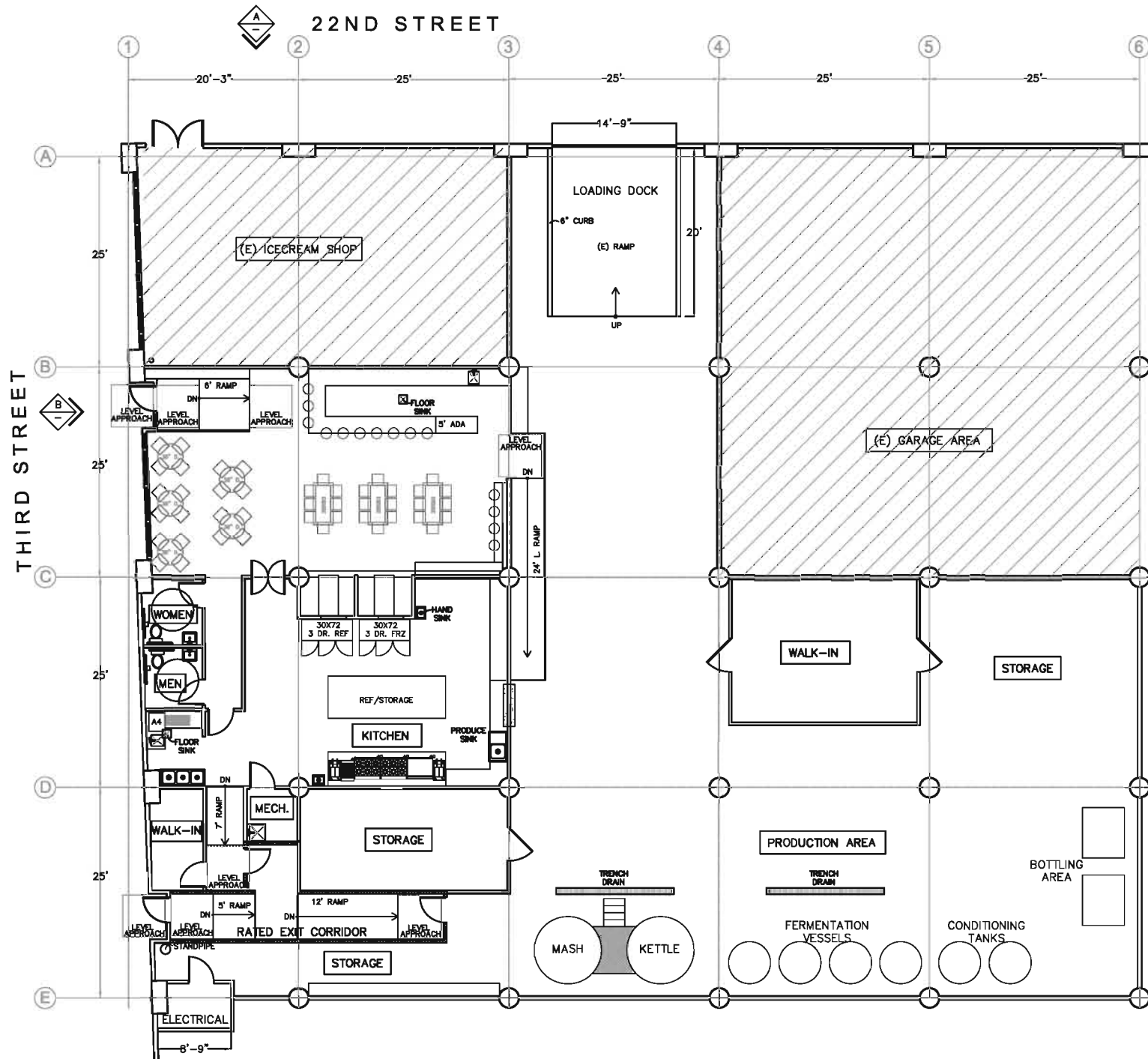
FIRST FLOOR EXISTING / DEMOLITION PLAN

3/32"=1'-0"



FIRST FLOOR PROPOSED CONSTRUCTION PLAN

1/8"=1'-0"



AMATO ARCHITECTURE
 888 FARMGATE AVENUE, #24
 OAKLAND, CALIFORNIA 94611
 TEL 510.420.0210
 FAX 510.288.1370
 MOB 510.489.2080



PROJECT PROGRESSION:	DATE:
ISSUE FOR REVIEW	08.18.10
CONDITIONAL USE PERMIT	08.19.10

TENANT IMPROVEMENTS
MAGNOLIA BREWERY

2505 3RD STREET
 SAN FRANCISCO, CA 94107
 BLOCK: 4173 LOT: 001

SHEET TITLE:
FIRST FLOOR CONSTRUCTION PLANS

SCALE AS NOTED
 DRAWN BY RJA/SDL
 JOB # 2010-06
 PLOT PLAN



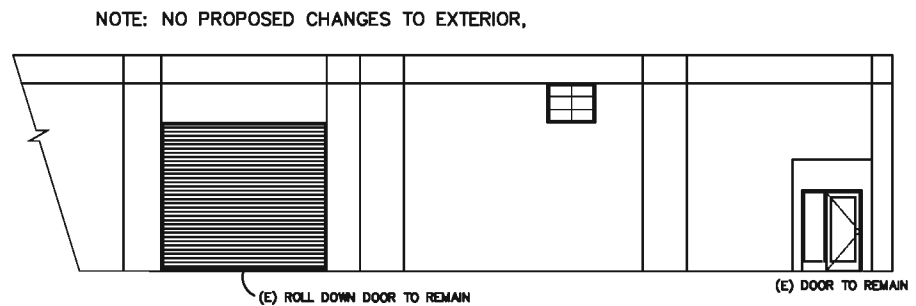
A-1.0

CONSTRUCTION LEGEND:

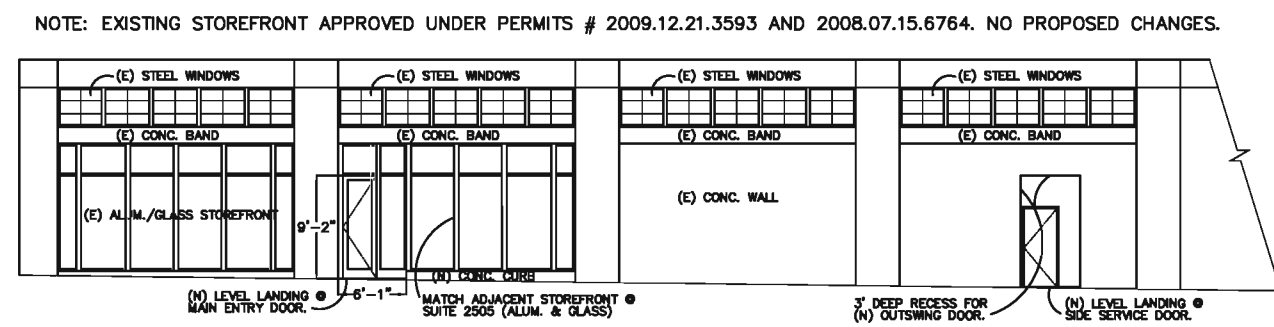
- EXISTING CONSTRUCTION TO REMAIN.
- SLAB TO SLAB WALL/NEW CONSTRUCTION.
- AREA OUTSIDE SCOPE OF WORK
- ELEVATION SYMBOL - SHEET NUMBER

PROPOSED EXTERIOR ELEVATIONS

1/8"=1'-0"



A 22ND STREET EXTERIOR ELEVATION - NORTH FACADE



B 3RD STREET EXTERIOR ELEVATION - WEST FACADE

NOTE: ANY NEW SIGNAGE TO BE UNDER SEPARATE PERMIT.