

**LICENSES AND CONSUMER SERVICES
LICENSE INSPECTOR'S REPORT**

License Numbers: L208-50325

Police File Number: 13591

Date of Application: September 29, 2014

Inspector: Michele Harvet, 612-673-5484

Applicant/Legal Entity: Surly Brewing Company

DBA/Trade Name: Surly Brewing Company

Complete Address: 520 Malcolm Avenue Southeast, Minneapolis MN 55414

Licenses Requested: On-Sale Liquor, Taproom, Class A

Current License: None

Purpose of Application: This brewery wants to obtain a new Taproom license to sell the beer they brew for consumption on their premises.

Responsible person within 75 miles of Minneapolis City Hall: Linda Haug

Public Hearing Requirement: Required

License Conditions: None at this time

Neighborhood/Ward: Prospect Park/East River Road / 2

Zoning: I2/UA – This is a permitted use in the Medium Industrial District and University Area Overlay District.

7 acre requirement: Met

Off-Street Parking: The Office of the Zoning Administrator has determined that 182 vehicle spaces and 100 bike spaces are required to be provided on site. This requirement has been met.

Churches or schools within 300 feet of the proposed premises: No

Seating: Inside: 524 Seats Outside: 144

Occupant Load: Inside: 1076 Maximum Capacity Outside: 850

Food Service Requirement: The applicant is exempt from providing minimum food service per MCO 360.65, but plans to operate exceeding the minimum food service requirement.

Hours of operation proposed: Monday – Saturday: 8:00 AM to 1:00 AM

Sunday: 10:00 AM to 1:00 AM

Metropolitan Council Service Availability Charges: A SAC determination letter, dated November 22, 2013, states that this project has 513 units to be charged and credited.

HISTORY OF LOCATION

This location has not held a business license prior to this point. The eight acre site historically had been used as an unregulated dump and then for a series of industrial uses. The result was a vacant site with poor geotechnical conditions, significant pollution and an extensive amount of foundations that had not been removed when the previous use had vacated the site. Without Surly seeing the site's potential and the availability of about \$2.5 million in clean-up and transit-oriented development grants and loans, the site likely would still be sitting vacant.

APPLICANT

The applicant is Surly Brewing Company, a Minnesota company formed on July 19, 2004, under Chapter 302A (Charter Number 971653-2), having the required restriction on the transfer of shares and has the following members:

<u>Name</u>	<u>DOB</u>	<u>Title</u>	<u>Shares</u>
Omar Ansari	6/4/70	President	100%
Mary Brettman	1/14/66	CFO	0%

The applicants meet all minimum requirements including criminal background check.

MANAGER

The Hospitality Director at Surly Brewing Company will be Linda Haug. She will oversee operations of the beer hall, restaurant and event center portions of the business. Ms. Haug has ten years of experience working in the food and alcohol service industry at a restaurant she and her husband owned in Minneapolis, Café Twenty Eight. Ms. Haug has been working for Surly since May, 2013.

POLICE REVIEW

Police Licensing and this Inspector have reviewed the expenses and source of funds reported in this application. The applicants have provided documentation showing adequate legal and traceable funding for this venture and have passed the criminal background check. The Second Precinct of the Minneapolis Police Department has discussed security issues with the applicant.

PREMISES

The entire Surly Brewing Company facility is approximately 49,000 total square feet. The beer production/packaging portion of the facility is approximately 30,000 square feet and is located on the eastern side of the building. The beer hall (main level) is approximately 4600

square feet and has the capacity to seat 276 people at tables and a bar. The restaurant (second level) is approximately 1800 square feet and has the capacity to seat 86 people at tables and a bar. The private dining room (second level, off of restaurant) is approximately 400 square feet and has table seating for 18 people. The event center (second level) is approximately 2300 square feet and has the capacity to seat 144 people at tables. The pre-function space (second level, off of event center) is approximately 1500 square feet of area used to gather and wait before an event. There is also a store, a gallery and an entrance chamber that take up approximately 2500 square feet altogether. The remaining areas of the facility are kitchens, coolers, office areas, employee areas and restrooms. The entire facility will be considered licensed premises because there will be tours of the entire facility and patrons will be allowed to consume beer while touring the facility. The space is compact and contiguous. There are no undefined areas.

OUTDOOR AREA

The beer garden area is on the western side of the Surly facility and is approximately 40,000 square feet. This area will have garden features with trees, shrubs and other vegetation. There will be a sunken garden with a stage area and a fire pit for people to gather around. There are two decks that overlook the garden. The first level exterior deck is approximately 2300 square feet and has the capacity to seat 120 people at tables. The beer hall has numerous sliding windows that open up to the deck. The second level exterior deck is approximately 1300 square feet and has the capacity to seat 24 people at tables. There are doors that open up onto the second level deck from the restaurant and the private dining room. The total occupant load for the outdoor areas is 850 occupants.

There is a satellite building that will be included in the southwest corner of the outdoor area, in 2015. It is too late in the construction season for it to be added this year. The satellite building will be for the service of food and beer so that patrons do not need to go into the main facility to make quick purchases. Patrons will be able to purchase from two walk-up windows in the satellite building. Only employees will be allowed to be inside the satellite building.

Use of this satellite building is subject to passing final inspections by the Minnesota Department of Agriculture and Minneapolis Business Licensing.

BUSINESS PLAN/OPERATIONS

As of May 24, 2011, properly licensed Minnesota malt beverage manufacturers, that brew no more than 250,000 barrels of malt liquor annually, were granted the ability to add an on-sale intoxicating liquor license to allow brewers to sell/serve their brewed product on their premises. This became known as the Surly law since Surly Brewing Company helped move the legislation for this change allowing breweries to have taprooms at their facilities.

Surly requires that any individual serving alcohol to receive Training for Intervention ProcedureS (TiPS) responsible alcohol service training. This training will be provided by an in-house certified trainer and/or a Surly manager. There will be ongoing and regular training programs and refresher courses offered annually. Anyone serving alcohol will be instructed to ID everyone that appears under the age of 40. Anyone knowingly selling to minors will result in immediate termination of employment. Surly will perform self-audits using underage agents to test whether an employee checks for proper identification. If an employee fails this test, they will be suspended immediately and required to retake the TiPS training and pass the test before being allowed back to work. Employees will be terminated if they fail this test a second time.

If a patron attempts to enter Surly who is already obviously intoxicated and/or behaving in a belligerent manner, they will be politely declined service and asked to come back to Surly another time. Management/security will be notified to help staff that encounter this situation so that the person can leave the building without a scene and be taken home (with help requested from friends of person) in a safe manner.

Surly has contracted with EPG Security Group to help develop their security plan for the facility. Security will be on site when deemed necessary (see security plan for specifics throughout the year) in a visible and identifiable manner. There will be one hospitality agent at the front entrance to identify all patrons and ensure that they are 21 years of age or older after 9:00 PM. Security will patrol the footprint of the Surly Brewing Company, identify and document all safety concerns, report all incidents and keep a daily activity log of these. Security will conduct initial investigations to include scene management, crowd control, witness interviews and coordination with law enforcement. Security will maintain a 24/7 on call status, and respond in a timely fashion to all calls for service including escorts, lost and found, access requirements and emergency situations. Security will work with and defer to all State, county and City Law Enforcement and Emergency response services to effectively address any emergency situations presented.

There will be 24 cameras inside the premises and four outside. There is a limited access control system with fob's and badges for all non-public areas.

Surly plans to offer amplified and acoustic music in the event center space and beer hall. The music in the event center space will be live, recorded or music offered by disc jockey services. The music in the event center space will be what is chosen by the party reserving the space for their private event. They will occasionally offer live music (amplified or acoustic), prerecorded and also disc jockey services. They want to offer a wide variety of entertainment that would appeal to a wide range of persons who are of legal drinking age. They may also host a trivia night.

There will be interior speakers placed in the ceilings that contain acoustical treatments. All speakers will be in zones with the ability of management to preset volume levels in all zones for different times of business hours. All music volumes levels will be preset by management to insure that music is never above acceptable limits. Any complaints will be addressed by the Director of Hospitality and thoroughly investigated. Surly will work with Minneapolis Environmental Services if there are noise issues that need assistance being addressed. At closing time, the lights will be turned up ½ hour before closing and staff will issue a last call. Customers will only be able to purchase one beer for themselves at this time. The lights will be turned all the way up 15 minutes prior to closing time. Music will be turned off 10 minutes before closing time. There will be a sign in place asking guests to respect the neighborhood when leaving and to keep their voices at a conversational level. Security will be responsible for walking and monitoring the parking lot once closed for business.

Any live, amplified music that is offered in the beer garden will be properly permitted with approved amplified sound permits and temporary expansion of entertainment permits. There will be an occasional acoustic musician performing in the beer garden. There will be exterior speakers for prerecorded music. Speaker placement and volume will be such that they provide background music for the diners on either of the decks. It should not be loud enough to hinder any conversation amongst guests. The music should not be heard past Surly property lines. There will be a fence of trees on the perimeter. Speaker placement will be tested to check how sound travels through the immediate area and neighborhood so that the correct placement of speakers can be made to have little to no impact to the surrounding areas. The volume will be preset so that the music is in the background and normal

conversations can be held and it does not exceed the ambient sound levels. Management will be the only staff that will be able to control volume and content. The exterior speakers' volume will be lowered one hour before closing time and will be turned off ½ hour before closing time. Management will be trained to deal with unruly and/or loud patrons. Anyone that has a complaint about operations at Surly will be given an email address to send their complaint to. All complaints will be addressed and fixed if at all possible.

The hours of operation will be as follows:

Beer Hall: Sunday – Thursday 11:00 AM to 11:00 PM, Friday 11:00 AM to 12:00 AM
Restaurant: Monday – Sunday 5:00 PM to 11:00 PM
Events: Monday – Saturday no earlier than 8:00 AM to 1:00 AM, Sunday no earlier than 10:00 AM to 1:00 AM (event times are as needed)

The menu will include items such as; pickle plate, cheese plate, charcuterie, shrimp & grits, salmon, trout, beer sausage, pierogi, pulled pork, brisket, burger, pizza charred beets, barbeque carrots, potato salad, St. Louis style ribs feast, fried chicken feast, shrimp boil feast and ribeye feast ranging in price from \$6 to \$70.

Surly believes that their presence in the industrially zoned area of Prospect Park will have a positive impact on the area. The customer base and activity will bring light and activity in an area that hasn't had it.

Surly will register for a block leader database and email alert database.

Litter will be removed on a daily basis on the premises and within 100 feet of the premises. There will be no sports sponsorships or charitable gambling.

PUBLIC HEARING SUMMARY

A public hearing is required for this license application. 25 notices were mailed to residents and property owners within 600 feet of the premises on October 22, 2014 and emailed to Council Member Gordon, the Prospect Park/East River Road Improvement Association, the Stadium Village Commercial Association and the Southeast Business Association on October 22, 2014. The public hearing will be held on November 3, 2014 at the Community Development & Regulatory Services Committee meeting.

RECOMMENDATION

The Licenses and Consumer Services Division recommends approving this application for an On-Sale Liquor, Taproom, Class A license.

LICENSE CONDITIONS

None at this time.