

## Applicant Statement

**Applicant is a craft brewery at 937 Carleton Street. Applicant proposes to have an ancillary retail space to permit the sale of beer brewed by us for off-site consumption. Applicant also proposes to become a Quick Service Restaurant with incidental Alcohol Beverage Service to permit the sale of beer brewed by us for on-site consumption along with appropriate food pairings.**

### Business Summary:

The Rare Barrel is a newly formed specialty craft brewery focused on making and selling outstanding "sour beer." The process for making sour beer differs from traditional craft beer. Our business model exploits the over capacity of craft brewers' brew kettles and allows our facility to be predominately an aging, blending, packaging and storage facility for manufacturing beer aged in barrels.

Traditional craft breweries have a brew house and a series of very large stainless steel fermentation tanks. Beer is brewed in the brew house and then left to ferment in the fermentation tanks for three days. By contrast, sour beer is produced in smaller volumes and does not have to be fermented in large stainless steel fermentation tanks; after its primary fermentation in small tanks for seven days it is aged for a year in oak wine barrels.

We plan to contract with several existing craft breweries to produce a beer intermediate, called wort, using our recipe in their brew kettles. By contracting with other breweries to produce our wort, our manufacturing process will not produce the "bakery" type odors associated with brewing. We will transfer the wort into a 15 barrel stainless steel transfer tank, load it on our truck and bring it to our facility. Once at our facility, we will inoculate the wort in a 30 barrel fermentation tank with yeast and bacteria to induce primary fermentation. Over the following seven days, the wort will ferment into beer without further intervention. At this point, the beer will be pumped out of the fermentation tank into a series of wine barrels. Newly filled wine barrels will be moved by forklift into barrel storage racks in the warehouse to allow the beer to age. This process will be repeated on a weekly basis. Beer in barrels will be inspected and tasted at least weekly to ensure the highest quality product is produced.

After the beer is properly aged, multiple barrels will be removed from storage, the beer blended in a 50 barrel tank and then filled into bottles and kegs. Filled bottles and kegs will be stored pending sale. The kegs and bottles will be sold directly to consumers via internet ordering and overnight shipment as well as to distributors, who will pick up inventory periodically from our facility. Fermenting, barrel tending, blending, packaging and distribution will occur during normal business hours Monday through Friday.

Our most fervent customers refer to themselves as "beer geeks". Beer geeks like to visit breweries, purchase the beer on tap for on-premise consumption and enjoyment, talk to the brewers and purchase packaged containers to take home. Sour beers generally are sold in 750ml formats and are typically priced from \$15 to \$20 per bottle. Beer drinkers will want to buy a glass of our sour beer and enjoy it with a little food before making the commitment to purchase one or more bottles to take home. These customers often become advocates of the brands they like, sharing their enthusiasm with friends. Due to the premium pricing and obscure flavors of sour beer, our customers are not your typical tavern beer drinker.

Sadly, craft beer makers receive less than half of the retail value of their beer when they use traditional distribution methods. Thus incidental retail sales contribute revenues with a high profit margin which are important to a brewery's survival. For these reasons, the ability to sell beer directly to the customer

for on-site consumption, is integral to the success of craft breweries and in particular for Barrel.

Application Summary:

**Applicant proposes to have an ancillary retail space to permit the sale of beer brewed by us for off-site consumption. Applicant also proposes to become a Quick Service Restaurant with incidental Alcohol Beverage Service to permit the sale of beer brewed by us for on-site consumption along with appropriate food pairings.** We plan to integrate the Quick Service Restaurant into our ancillary retail area in a section no greater than 1,400 square feet of our 14,072 square foot beer production facility. A refrigerator that is approximately 3'x5'6', will be used to hold beer that will be sold in the ancillary retail area for off-site consumption. Regarding the Quick Service Restaurant with Incidental Alcohol Sales, we propose to serve foods which pair well with our sour beer. One dish that pairs well with sour beer consists of a bread, cheese and charcuterie platter. Ingredients will be sourced in Berkeley when available (e.g. bread from Acme Bread Company, cheese from The Cheese Board). We would also like customers to be able to order select items from Juan's Place (a Mexican restaurant directly next door to us) and Westside Café (a Panini shop right across the street), that would be delivered once they are ready. Additionally, commercial kitchens are currently being installed in our neighborhood and we would like to arrange some food pairings with them when they open. We hope to provide a unique neighborhood experience for Berkeley's craft beer fans. Foods will be prepared on a customer-demand basis. Food will be ordered, paid for and picked up at the counter. Customers can sit at the counter or at tables nearby. This area will also be the location of sales of packaged beer to be consumed off-premise (take home). All alcohol sales and consumption will be limited to adults 21 years old and over. All employees selling alcohol will be required to have completed a course in Reasonable Beverage Sales and Services (RBSS) within the last five years. The retail area will be clearly partitioned from the remainder of the warehouse to prevent customers from accessing other areas of the warehouse. Public access to the retail area will be available from our Parker St parking lot, which has 14 dedicated parking spaces. Given our expected patronage and the internal location of the retail area, we do not expect there will be a significant noise and traffic issue for our neighbors. Our public entrance is set back from Parker St by more than 250 feet, which should further minimize sound and traffic from patrons entering and leaving the retail area. While the warehouse also has a door on Carleton Ave., that door will be used primarily for employees and deliveries. Retail area hours are scheduled to be Wednesday through Saturdays 4 pm to 10 pm, and Sundays from 12 pm to 6 pm. Integrating a Quick Service Restaurant with incidental Alcohol Beverage Service and an ancillary retail space allows us to make Berkeley the point of sales for all on-site and off-site retail sales, enhancing tax revenue to the City.

We believe this project is consistent with **Goal 1 under Part 1 Land Use, Section IV Goals and Policies of The West Berkeley Plan** which states: "Over the economically active area of West Berkeley, provide for a continued economic and land use mix, incorporating manufacturing, other industrial, retail and office/laboratory uses, to benefit Berkeley residents and businesses economically, benefit the City government fiscally, and promote the varied character and interests of the area." The project also is consistent with **Goal 3 under Part 2 Economic Development, Section V Goals and Policies of The West Berkeley Plan** which states: "Improve the level of neighborhood serving retail in West Berkeley." Craft breweries contribute significant benefits to their communities. We will be a gathering place for artisanal brewers, home brewers, beer enthusiasts and food lovers in general. We will bring to Berkeley well-paying jobs both in the brewery and the retail area that do not require an advanced degree. And, as previously noted, we will contribute important sales tax revenue to the City of Berkeley.

According to City of Berkeley Municipal Code and Zoning Ordinance Section 23E.80.030, up to 10,000 square feet of incidental retail sales of goods manufactured on site is permitted with an AUP, a Quick Service Restaurant is permitted with an AUP, and alcoholic beverage service incidental to food service is permitted with a UP(PH).