



City of Grand Forks Staff Report



Committee of the Whole – March 11, 2019

City Council – March 19, and April 1, 2019

Agenda Item: Request from Red Pine Distillery for creation of Class 12 Domestic Distilleries License

Submitted by: Maureen Storstad, Finance Director

Staff Recommended Action: Review request and if approved, give preliminary and final approval of the ordinance amending Section 21-0205 of the Grand Forks City Code at the March 18, 2019 and April 1, 2019 City Council meetings.

Committee Recommended Action: Refer to City Council with recommendation to approve. Weber dissented, based on fee recommended. More discussion on fees was suggested for City Council meeting on March 18

Council Action 03/18/2019: Motion passed 5-1, with Council Member Weber dissenting.

Staff Recommended Action for April 1, 2019: Give final approval of the ordinance and adopt a resolution establishing fees as recommended

Council Action 04/01/2019:

BACKGROUND:

Red Pine Distillery is a craft distillery that handcrafts ultra-premium distilled spirits, all from crops grown in the Red River Valley and is currently located at 4051 Gateway Dr. #9. They currently conduct tours of their facility. They would like the ability to offer tasting of their products during tours, limited off-sale of their products only, and the ability to, in the future, be able to add a tasting/cocktail room. All of these activities are allowed under the license which they hold from the state.

ANALYSIS AND FINDINGS OF FACT:

- City of Grand Forks offers various classes of alcoholic beverage license.
- Currently there is not a license specifically for a Domestic Distillery.
- Red Pine Distillery holds a Domestic Distillery Alcohol Beverage Manufacturing License from the State of ND which would allow them to provide samples, off-sale, and allow for limited on-sale at their location.
- Red Pine Distillery has requested that City Council consider adding a Class 12 license for a Domestic Distillery.
- Based on other license classes and the license fees charged in other regional communities, staff would suggest an issuance fee of \$3,000 and an annual fee of \$615.
- An ordinance change would be required to create a new class of license, along with passage of a resolution to set the appropriate license fees.

SUPPORT MATERIALS:

- Draft Ordinance




CITY OF GRAND FORKS

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OFFICE OF CITY ATTORNEY

E-MEMORANDUM

TO: Maureen Storstad, Director of Finance mstorstad@grandforksgov.com
FROM: Howard D. Swanson, City Attorney  hswanson@swlawltd.com
RE: Proposed Ordinance creating alcoholic beverage license for domestic distilleries
DATE: February 11, 2019

Recently your office received a request for authorization to sell distilled spirits at a domestic distillery and to provide samples. Currently, our City Code does not provide authorization for such activities. However, I have attached a draft Ordinance which could be adopted by the City Council if appropriate. I would appreciate it if you would review the draft Ordinance and provide me with any comments you may have. I would draw your particular attention to the provisions relating to samples. I have limited the samples to one ounce per sample for a total of six ounces per person. This is reduced from the two ounces/eight ounces in the wine and beer makers ordinance.

Should you have any questions or concerns regarding this draft Ordinance, please do not hesitate to contact me.

HDS/gkf

Attachments: Draft Ordinance

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 21-0205 OF THE GRAND FORKS CITY CODE RELATING TO DOMESTIC DISTILLERIES

BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND FORKS, NORTH DAKOTA, PURSUANT TO THE HOME RULE CHARTER OF THE CITY OF GRAND FORKS, NORTH DAKOTA, THAT:

SECTION I. AMENDING CLAUSE

Section 21-0205 of the Grand Forks City Code relating to domestic distilleries is hereby amended to provide as follows:

21-0205. - Same—Classifications.

The following classes of retail licenses are hereby established:

- I. General licenses:
 - (1) General on- and off-sale alcoholic beverages (class 1).
 - (2) Off-sale alcoholic beverages (class 2).
 - (3) Off- and/or on-sale beer and wine (class 3).
 - (4) Food and beverage establishment (class 4).
 - (5) Hotel-motel alcoholic beverages (class 5).
 - (6) Hotel-motel limited service wine and beer (class 5.1).

- II. Special licenses:
 - (1) Public facilities.
 - (A) Fairgrounds beer and wine (Class 6).
 - (B) Golf course beer and wine (Class 7).
 - (C) Airport alcoholic beverages (Class 8).
 - (D) Kraft Field beer (Class 8.1).
 - (E) Alerus Center (Class 8.2).
 - (F) Engelstad Arena (Class 8.3).
 - (2) Bowling center alcoholic beverages (Class 9).
 - (3) Excursion boat alcoholic beverages (Class 10).
 - (4) Special or limited license (Class 11).
 - (5) Domestic distilleries (Class 12).
 - (56) Service, convenience, or "mini" bar license (Class 13).
 - (67) Wine and beer maker license (Class 14).
 - (78) Winery on-sale and off-sale (Class 15).
 - (89) Brewer taproom (Class 16).

III. Class descriptions and requirements :

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Class 12. Domestic distillery license. The Grand Forks City Council may issue an unlimited number of domestic distillery licenses to sell distilled spirits "on-sale" and "off-sale" subject to the following restrictions and conditions:

- (1) Such license may be issued only to a person or entity holding a license from the state tax commissioner pursuant to N.D.C.C. § 5-01-19.
- (2) Any license issued hereunder will only authorize the licensee to sell distilled spirits produced on the premises by the licensee at on-sale or off-sale.
- (3) A licensee under this section may offer complimentary samples of distilled spirits produced on the premises provided that the size of each sample is no greater than one (1) fluid ounce and that the total of all samples not exceed six (6) fluid ounces per customer. No other alcoholic beverages may be sampled on the premises.
- (4) A licensee under this section may apply for a Class 11 special or limited license as provided in this article.
- (5) A licensee under this section may sell glassware, accessories, publications, snack food items, and promotional items, excluding other alcoholic beverages, in addition to the sale of distilled spirits.

SECTION II. EFFECTIVE DATE

This ordinance shall be in full force and effect after passage and approval as provided by law.

Michael R. Brown, Mayor

ATTEST:

Maureen Storstad, Director
Finance & Administrative Services

Introduction and first reading:
Public Hearing:
Second Reading and Final Passage:
Approved:
Published: