

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING TENNESSEE STILLHOUSE, LLC TO OPERATE AN INTOXICATING LIQUORS MANUFACTURING PLANT AND APPROVING A SPECIAL EXCEPTIONS PERMIT FOR A DISTILLERY AT 1439 MARKET STREET, SUBJECT TO CERTAIN CONDITIONS.

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WHEREAS, Tennessee Stillhouse, LLC has applied to operate a distillery as a lessee of property located at 1439 Market Street owned by Thomas L. Johnson, more particularly described in the Site Plan attached hereto; and

WHEREAS, Pursuant to T.C.A. § 57-2-102, the proper authorities of a municipality are required to authorize the operation of an intoxicating liquors manufacturing plant in order for the plant to receive a license from the State; and

WHEREAS, the property located at 1439 Market Street is zoned M-1 which allows the operation of a distillery upon issuance of a Special Exceptions Permit;

NOW, THEREFORE,

SECTION 1. BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That Tennessee Stillhouse, LLC is authorized to operate an intoxicating liquors manufacturing plant at 1439 Market Street; and

SECTION 2. BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That there be and is hereby granted a Special Exceptions Permit for a distillery on property located at 1439 Market Street, more particularly described herein:

Lot Twenty-nine (29), Block One (1), Stantons Addition to the City of Chattanooga, as shown by plat recorded in Book H, Volume 2, Page 156 in the Register's Office of Hamilton County, Tennessee. A portion of Tax Map No. 145L-B-011.

SECTION 3. BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That this Special Exceptions Permit be approved subject to the following:

- 1) Per T.C.A. § 57-2-103(d)(4) and City Code Sec. 5-75(b): no sale of alcoholic beverages for consumption on the premises.
- 2) All truck deliveries shall be handled through the alleyway.

ADOPTED: \_\_\_\_\_, 2014.

KJR/mem

**Special Permit for a Distillery**  
**1439 Market Street**  
**09/05/2014**

Overview: The following is a review of a request for a Special Permit for a Distillery at 1439 Market Street. The property is currently zoned M-1 Manufacturing.

As part of the Special Permit process, City Code Section 5-109(c) states that the executive director shall submit the findings of the staff of the Chattanooga-Hamilton County regional planning commission to the city council for consideration and action. This report is to include, but is not limited to, the following areas of concern listed below.

The Chattanooga-Hamilton County Regional Planning Agency develops this report in conjunction with the City of Chattanooga Land Development Office and the City of Chattanooga Transportation Department.

**(1) The probable effect on the property adjacent to the site under consideration.**

The site is surrounded by a wide variety of land uses including commercial, residential, and mixed-use buildings. The Chattanooga Choo Choo hotel is across Market St. from the site. General land uses are noted on the map below with C-Commercial, R- Residential, and MU- Mixed Use. Due to the nature of the area and mixed-uses within buildings, the land use is a general guide as it is challenging to determine a definitive land use designation for some of the parcels.



The applicant has indicated the intent to sell alcoholic beverages for on-premise and off-premise consumption. Staff has been advised by the City Attorney's office that when the distilleries legislation was adopted at the state level, the state legislature adopted distance requirements that incorporate the individual municipalities' beer distance ordinances. This requirement is found at T.C.A. § 57-2-103(d)(4):

If a manufacturer that has been issued a license pursuant to this subsection (d) is also selling the manufacturer's alcoholic beverages or products at retail and the manufacturer is located in a jurisdiction that pursuant to § 57-5-105 has established a distance requirement that restricts the storage, sale or manufacture of beer from places of public gatherings or in a municipality or Class B county that pursuant to § 57-5-106 has adopted proper ordinances governing the storage, sale, manufacture and/or distribution of beer within its jurisdictional boundary, then any distance requirement related to a building used for religious purposes or a building used as an elementary or secondary school in effect in that jurisdiction shall apply to the building used for the retail sale of the manufacturer's alcoholic beverages or products containing alcohol. The measurement shall be a building-to-building measurement.

Chattanooga City Code, Sec. 5-75(b) states:

The sale of beer or other beverages of like alcoholic content for consumption on the premises within five hundred (500) feet, or two hundred (200) feet for consumption off the premises, as measured from any doorway entrance to the building of the applicant regularly used for public ingress or egress to the nearest doorway entrance to the school, church, adult-oriented establishment as defined in Chattanooga City Code, § 11-422(a), or other place of public gathering regularly used for public ingress or egress, specifically including day care centers for eight (8) or more children under 17 years of age for group care as defined in the Chattanooga Zoning Ordinance, shall be prohibited; provided however, this prohibition shall not apply to any proposed permit location within the area zoned C-3 Central Business District or C-7 North Shore Commercial Zone or UGC Urban General Commercial Zone or to any proposed permit location within five hundred (500) feet of Coolidge Park, Ross's Landing Park and Plaza, Miller Park and Plaza, Sanctuary Skate Park at Finley Stadium, East Brainerd Park, the Walnut Street Bridge or the area of Warner Park occupied by the Chattanooga Zoo; provided, further, that this distance proximity prohibition shall not apply to any location that has heretofore been issued a valid permit to sell, store or manufacture beer or other beverages of like alcoholic content under previous distance proximity restrictions contained in Ordinance No. 6777, dated July 23, 1974, Ordinance No. 6978, dated November 18, 1975, Ordinance No. 7679, dated June 17, 1980, or Ordinance No. 8021, dated July 20, 1982, but if any such permittee shall cease or discontinue the sale of beer for six (6) months, then the distance proximity prohibition contained in this section shall thereafter apply to such locations.



The Land Development Office has determined that the building meets the lot, yard, and open space requirements outlined in the Zoning Ordinance:

- The facility is proposed to be a tenant in an existing building;
- The existing building is built from property line to property line in both directions on the lot;
- The facility is proposed in an M-1 zone;
- This type of facility is permitted with a Special Exceptions Permit from the City Council in the M-1 zone;
- According to the M-1 zone, a 25-foot front yard is required. However, this is a legal, non-conforming existing structure and will not require a setback;
- There is no minimum building site area in an M-1 zone;
- There are no open space requirements in an M-1 zone;
- Since the building covers the lot in its entirety, no screening from residential zones will be required;
- There is no place on the site for outdoor storage, which would require a landscape screen; and
- Delivery access to the building is from the alley to the west of the building.

According to the City Transportation Department, as the abutting streetscape is new and intact, the only condition they would have is that all truck deliveries be handled through the alleyway. This was discussed with the applicant at a Presubmittal Meeting and, at that time, the applicant was in agreement.

**(2) The consistency of the proposal with the intent and purpose of this article to promote the public health, safety, morals and general welfare.**

According to City Code Sec. 5-110(a)(3), a list of activities are permitted with the Distillery use.

**Sec. 5-110. Distilleries.**

Distilleries, as defined at T.C.A. § 57-3-101, are allowed only on property zoned C-2 Convenience Commercial, C-3 Central Business, UGC Urban General Commercial, and M-1 Manufacturing Zones and must comply with the following:

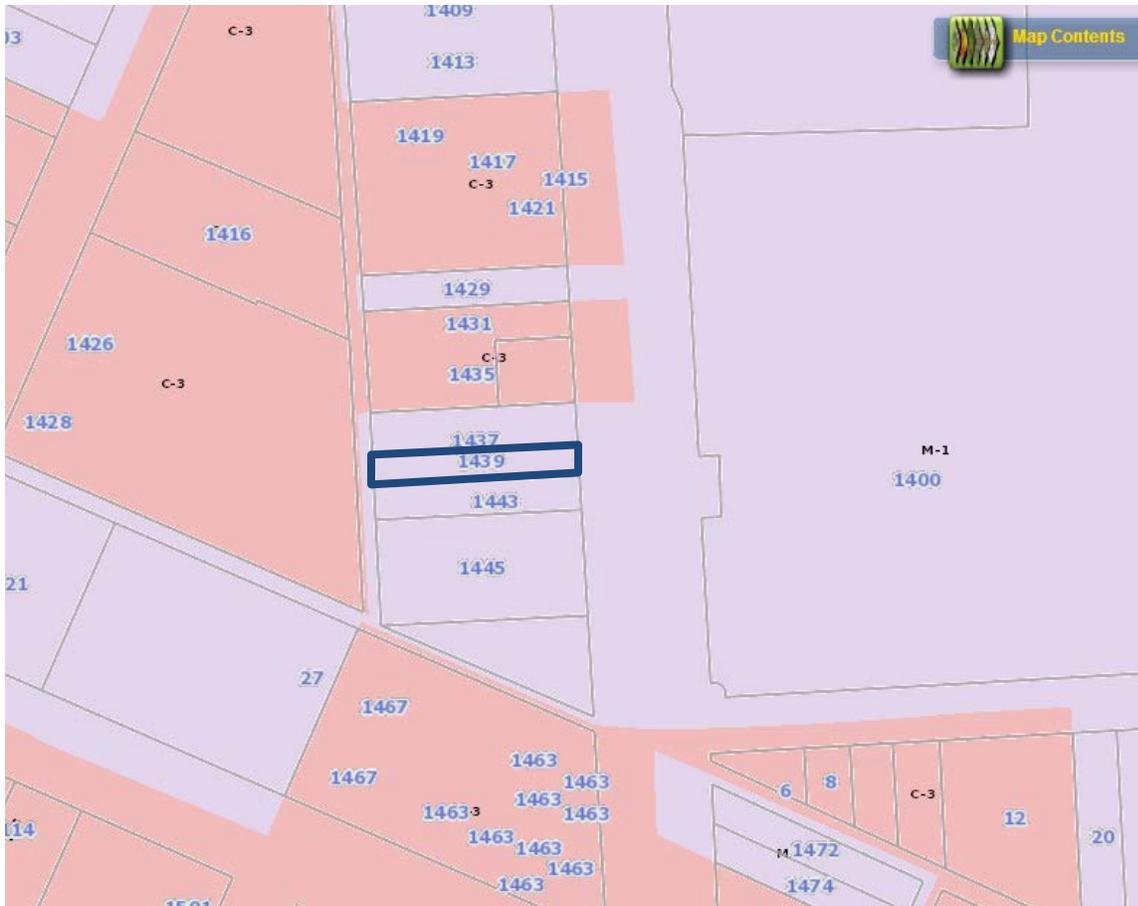
(a) For the C-2 Convenience Commercial, UGC Urban General Commercial, and M-1 Manufacturing Zones:

- (1) Consumption of alcoholic beverages not manufactured on the premises by the distiller shall be prohibited;
- (2) Processing and bottling of products not produced by the distiller shall be prohibited in C-2 Convenience Commercial and UGC Urban General Commercial Zones; and,
- (3) The following activities are permitted with this use:
  - A. Growing, harvesting and other products suitable for processing and bottling products produced on the premises;
  - B. Sale of alcohol manufactured on the premises by the distiller for off premise consumption;
  - C. Sale of merchandise related to alcohol or the distillery;
  - D. Tastings involving serving to the public for the purpose of sampling the alcohol manufactured or distilled at the premises by the distiller; and,
  - E. Special events such as weddings, dances, and other social occasions associated with the distillery.

According to the application the applicant intends to conduct the following at this facility (Sec. 5-110(3)(B-E):

- Sale of alcohol manufactured on the premises by the distiller for off premise consumption
- Sale of merchandise related to alcohol or the distillery
- Tastings involving serving to the public for the purpose of sampling the alcohol manufactured or distilled at the premises by the distiller
- Special events such as weddings, dances, and other social occasions associated with the distillery

The site in question is already zoned M-1 Manufacturing. M-1 Manufacturing zoning permits a wide range of industrial/warehousing type uses by right. The proposal is to utilize the site for a distillery that will produce approximately 1590 gallons per month. The property surrounding the site at 1439 Market Street is zoned M-1 Manufacturing or C-3 Central Business Zone:



Staff does not foresee that this proposed use would have any more significant impacts on adjoining properties than other similar uses that are already allowed by right in the M-1 zone except for the retail sales component as discussed above.

**(3) Additional requirements which are needed in order to make the development more compatible with the surrounding land use.**

The staff recommends the following condition for this permit to ensure compatibility with adjoining properties and/or as required by code:

1. All truck deliveries shall be handled through the alleyway.