



REINVENTING YOUR CITY

Targeted Industry Attraction Analysis

CRAFT BREWERY

(PHASE I)

Prepared for the
City of North Miami Beach
Community Development Agency



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EXECUTIVE SUMMARY

In May 2017, the Community Redevelopment Agency Board of Directors (CRA) established a policy that craft breweries (including microbreweries) are a Targeted Industry, and eligible for CRA incentives. This report encompasses information that will be vital for North Miami Beach administrators and policymakers as well as independent brewers looking to locate in North Miami Beach. The report identifies market trends and data that demonstrate that North Miami Beach is an attractive area for the development of a craft brewery. This includes craft brewery industry trends, facility and establishment requirements, an inventory of existing breweries in South Florida, common business climate themes, the regulatory environment affecting craft breweries, opportunities and challenges, as well as goals and objectives.



Figure 1 - North Miami Beach Renaissance- Mixed Use Zoning

The craft brewery industry has experienced eight consecutive years of double-digit growth, and the number of breweries in the U.S. (over 4,200) is at an all-time high. Experts believe there is still room for new craft breweries to enter the market despite the tremendous growth in recent years. Consumers prefer the unique and flavorful beers as well as the atmosphere a local craft brewery can provide. Florida, however, has been one of the last

states to catch on to the craft brewery wave. In 2015 Florida ranked 41st among 50 states in craft breweries per 100,000 21+ Adults (.99). This data coupled with national craft beer growth trends show untapped potential within the Florida Craft Beer market.

There are approximately 26 breweries in Miami-Dade, Broward, and Palm Beach Counties. Abbey Brewing Company in Miami Beach and Big Bear Brewing Company in Coral Springs were the first to open in in 1995. The craft brewery market in South Florida began to take off after 2011 with most breweries opening in the last three years. There are also new breweries scheduled to open in 2017 in the Little River area of Miami, Pompano Beach, and Fort Lauderdale. The top breweries regarding barrels sold in 2016 were:

- Funky Buddha (Oakland Park) 2,735;
- Concrete Beach Brewery (Wynwood) 2,104;
- M.I.A Brewing Company (Doral) 1,128,73;
- Twisted Trunk Brewing (Palm Beach Gardens)- 1,011;
- Tequesta Brewing Company (Tequesta)- 992.

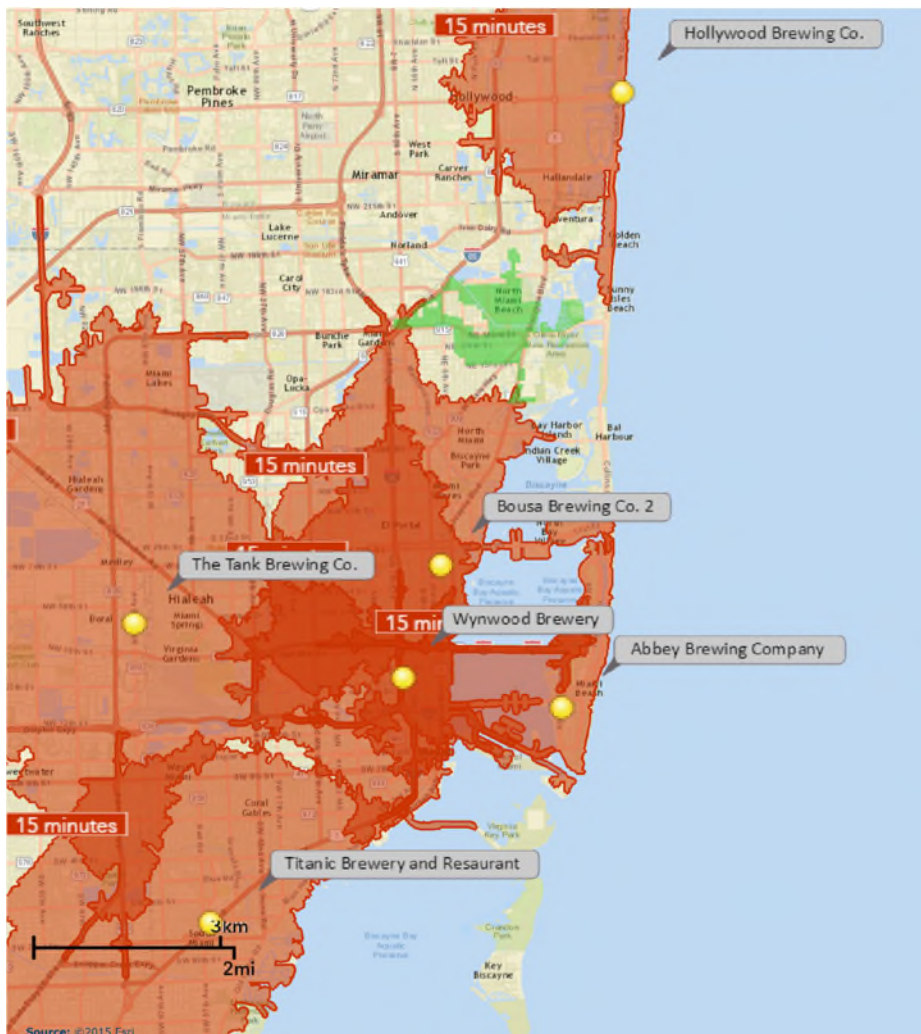


Figure 2 - North Miami-Dade County Existing Craft Brewery Gap Illustrated by 15 Minute Drive Times (See appendix for enlarged map)

Furthermore, the City of North Miami Beach (City) Community Redevelopment Agency (CRA)¹ staff has analyzed the craft beer market in South Florida and identified a gap in breweries for the area surrounding North Miami Beach. The closest breweries are in Wynwood to the South, and Hollywood to the North. Bousa Brewery is scheduled to open in Little River early 2017. RMA believes that a craft brewery would not only be attractive to North Miami Beach residents but would also draw visitors from neighboring communities. In a four mile radius around North Miami Beach City Hall are the Cities of Aventura, Sunny Isles Beach, North Miami, Golden Beach, Bal Harbour, Surfside, Hallandale Beach, and Miami Gardens; areas that also do not feature a craft brewery. And within that four-mile radius, there is a population of

approximately 260,000 persons.

Florida state law limits alcohol sales to between 7 a.m. and 3 a.m.; however bars in Miami-Dade County are allowed later hours of operation. The Abbey Brewing Company, for example, is open daily from 1 p.m. to 5 a.m. Currently, the City of North Miami Beach does not allow the sale of alcohol on Mondays through Sundays from 2:00 a.m. to 7:00 a.m. and on Sundays between 2:00 a.m. and 1:00 p.m. However, there are provisions for business holders to apply for an extension of these hours.

Current zoning regulations in North Miami Beach list bars, lounges, and liquor stores as conditional uses in B-2, B-3, B-4 and B-5 Districts, however, they must be located at least 1,500 feet from one another. Breweries are also conditional uses in the B-5 district. Bars and lounges

¹ The North Miami Beach Community Redevelopment Agency (CRA or Agency) is a government agency created in the year 2005 through a partnership between the City of North Miami Beach and Miami-Dade County pursuant to Chapter 163, Part III of the Florida Statutes. The CRA's public purpose is to eliminate and prevent the development or spread of blighted areas, improve the public infrastructure, and prevent or reduce incidents of crime.

are permitted uses in certain parts of the award winning Mixed-Use Districts so long as they are not located within 500 feet of any schools.

Microbreweries can help spur economic growth and revitalize cities; this trend is evidenced by the impact of brewery districts in Columbus and Indianapolis. Other cities such as Visalia, California, and Tumwater, WA are following suit by changing zoning codes to create microbrewery districts. The purpose of a brewery district is to ease the barriers to entry for entrepreneurs looking to open a brewery and to establish a successful entertainment and dining cluster. A Brewery District in North Miami Beach has been identified by CRA staff as a viable entertainment option, especially since there are currently no such districts in the State of Florida.

Specific options for the CRA's solicitation of a craft brewery are also included in this report. These include issuance of a Request for Proposal (RFP), a Notice of Funding Availability (NOFA), or establishment of a Target Industry Incentive for craft breweries.

RMA recommends the CRA issue an NOFA for established craft breweries to compete for CRA support. The CRA should determine the minimum standards for eligibility for incentive funding support. At a minimum, the following criteria should be included in the NOFA: identify target/priority areas, require site identification, establish facility minimum/maximum square feet, establish facility minimum/maximum production (bbl), establish minimum/maximum seating, determine eligibility of brewpubs (without on-site brewing), request conceptual site plan and design, establish eligible uses for CRA funds, and more criteria, which are described in the Recommendation section below.

CRAFT BREWERY INDUSTRY TRENDS, FACILITIES, AND ESTABLISHMENT REQUIREMENTS

Over the last decade, the American craft beer industry has grown at a rapid rate with little signs of slowing down. Fortune magazine reported a 15% increase in craft breweries in 2015, the eighth consecutive year of double digit growth. The number of breweries in the US has grown from less than 100 in the 1970's to over 4,200 today; the most there has ever been. According to the US Brewers Association, American craft brewers contributed \$55.7 billion to the U.S economy (\$2.056 million in Florida) and more than 424,000 jobs (16,686 in Florida). The craft beer industry currently accounts for 12% of the total beer market share, with Florida being one of the fastest growing states.

Bart Watson, chief economist for the *Brewers Association*, hopes the craft beer industry achieves a 20% market share by 2020. Watson cites that in other beverage markets, like spirits and coffee, high-end drinks can command up to 40% of market share. Watson also reports that within the US, over 1,000 cities with populations over 10,000 and many other neighborhoods within bigger cities do not have a local brewpub or taproom. These projections

suggest that, despite concerns of market saturation, the industry still has plenty of room to grow.

The craft beer industry has evolved over the years and now features a diverse range of unique, homemade flavors. The high demand for craft beer is explained by the “premiumization” of the industry. In other words, consumers are more willing to pay a higher price for better tasting beer versus less expensive, mass produced beer such as those manufactured by Miller, Coors and Anheuser-Bush (InBev). These same customers appreciate the fact that craft beers are local versus regional and enjoy the ambiance that craft breweries offer. Although several microbreweries have decided to sell ownership shares to larger beer companies, most continue to stay at the local level rather than trying to scale. This trend bodes well for new microbreweries looking to enter the market place.

Craft Brewery Approach to Economic Development- Craft breweries not only provide communities with a local gathering place, but they also act as an ideal setting for events due to size and scale. Examples of events include food and beer tastings, festivals, live music performances and private parties. Microbreweries tend to attract other business uses to areas that typically do not experience that level of interest and investment. Many areas of cities such as Cleveland, Brooklyn, Boston, and San Francisco have been revitalized as a result of the success of local microbreweries within blighted or industrial areas.

Funky Buddha- Oakland Park, FL- Although the City of Oakland Park had spent a lot of funds upgrading the infrastructure of the downtown core, that alone was not enough to attract private sector interest in the area, and the buildings remained blighted or vacant. Also, the Florida East Coast railroad tracks separated one side of the activity center area from the other, making a traditional “Mainstreet” impossible to achieve, and the City had no clear vision for Downtown. Obstacles included: no beach, no clearly defined downtown core, lower demographics, a large industrial warehouse area and a very limited budget.

The City of Oakland Park wanted to begin an aggressive redevelopment program, so they hired RMA to analyze the situation and determine what needed to be done to attract new businesses and truly revitalize the downtown area. The RMA team quickly discovered that the City had an existing cluster of culinarily related businesses with caterers, upscale kitchen and appliance stores, cabinet makers and the only shared commercial kitchen in Broward County. With these findings, RMA created a brand – “Downtown Oakland Park Culinary Arts District” – and developed a strategic, results-driven plan which included



Figure 3 - Funky Buddha Brewery- Downtown Oakland Park Culinary Arts District

launching a strong branding, marketing, and business attraction/incentive campaign. In addition, they recommended that the City pursue a public-private partnership with the owner of the largest industrial warehouse to improve the City-owned plaza in front of the warehouse in conjunction with the façade upgrade of the building – named ‘Oakland Station’.

After the initial market investigation and analysis, RMA branded the downtown core as the “Downtown Oakland Park Culinary Arts District” and repositioned the area as a place where all things culinary could occur. The Funky Buddha Brewery, the largest craft brewery in South Florida, selected Oakland Station in the emerging Culinary Arts District as their home and opened phase one of their two-phase plan in 18,000 SF of revitalized industrial warehouse space. They later doubled in size with the phase two addition of 19,000 SF for an on-site bottling operation and future restaurant operation. Throughout the first two years of the Culinary Arts District being established, over eight properties valued at nearly \$15 million had changed hands within the half-mile Downtown LAC.

Playalinda/Brix Project- Titusville, FL- The City of Titusville is located in Northern Brevard County and is within Florida’s Space Coast. The proximity to NASA’s Kennedy Space Center has made Titusville an attractive area for NASA employees and other air and space related industries. This has created opportunities, and challenges for Titusville as the City tends to “go as Nasa goes.” The end of Nasa’s Apollo program in the 1970’s resulted in a major loss of jobs for Titusville, creating a negative ripple effect throughout the community. Titusville began to rebound with the introduction of the shuttle program, but recent budget cuts and the decision to end the shuttle program in 2011 left the City in a similar state of despair.



Figure 4 - Brix Project- Titusville



Figure 5 - Playalinda Brewery- Downtown Titusville

The City is now making great strides to diversify its economy while still staying faithful to its roots of air and space. Part of the City's renaissance efforts included breathing life into its historic downtown. Entrepreneurs Bryan Scott and Ron Raike recognized the downtown's lack of entertainment and dining options and decided to repurpose a 100-year-old hardware shop on the City's main street into North Brevard's first and only micro-brewery. Playalinda Brewing Company was named after the City's nearby beach.

The brewery was an instant hit and demand was so high, the founders of Playalinda planned to build a 16,000-square foot off-site brewery, distillery, and restaurant. Opened in 2016, "The Brix Project" was built on a former manufacturing center on the south side of the City. Both breweries have been a major success story, providing the City of Titusville with a gathering place, entertainment, dining options, and aiding overall City revitalization efforts.

Brooklyn Brewery- Brooklyn, NY- Before Brooklyn Brewery's opening in the Williamsburg neighborhood, the area had been marked by empty businesses and dilapidated warehouses. The doors were opened for business in 1996, and the neighborhood underwent a swift revitalization. Entrepreneurs noticed the success of Brooklyn brewery, sparking the development of various trendy retail shops and restaurants in the area. Home values within the neighborhood rose 145% per real estate appraisals. Brooklyn Brewery is now one of the



Figure 6 - Brooklyn Brewery- Brooklyn, NYC

highest volume producing micro-breweries in the U.S., brewing nearly 220,000 barrels annually. Brooklyn Brewery has been a leader in neighborhood sustainability efforts and supports various community organizations such as: Just Food, Transportation Alternatives, Grow NYC, Charity Water, Billion Oyster Project, B-Corporation, Brooklyn Greenway Initiative, Queens County Farm, Gowanus Canal Conservancy, Good Eggs, Edible Schoolyard, and Food + Tech Connect.

Craft Breweries in South Florida

There are approximately 26 breweries currently operating in South Florida between Jupiter and Homestead. The majority of these were established in the past three years, and all but three were started since 2011. According to estimates, they sold a combined 15,000 barrels in 2016 and occupied 350,000 square feet of space (although 180,000 of that was in the Funky Buddha's Oakland Park facility). There are five located in Miami (3 in Wynwood), three in Boynton Beach, and two each in Fort Lauderdale, Doral, and Pompano Beach (with three more in the works in Pompano).

While all but 3 of the 26 South Florida breweries brew on-site in addition to a tasting room, only two own their facility. The average facility size is 9,000 square feet with an average of 125 seats, and 2016 sales of an average of 538 barrels.

The next four pages contain graphs of South Florida Breweries:

- 1) Date Established
- 2) Available Seating
- 3) 2016 Sales
- 4) Facility Size

South Florida Breweries in order of date established:

Brewery	Location	Year Established
Abbey Brewing Company	Miami Beach	1995
Big Bear Brewing Company	Coral Springs	1995
Titanic Restaurant and Brewery	Coral Gables	1999
Hollywood Brewing Company	Hollywood	2011
Tequesta Brewing Company	Tequesta	2011
Miami Brewing Company	Homestead	2012
Due South Brewing	Boynton Beach	2012
Copperpoint Brewing Company	Boynton Beach	2012
Wynwood Brewing Company	Miami (Wynwood)	2013
Funky Buddha Brewery	Oakland Park	2013
SaltWater Brewery	Delray Beach	2013
J Wakefield Brewing	Miami (Wynwood)	2014
Biscayne Bay Brewing Company	Doral	2014
M.I.A. Beer Company	Doral	2014
LauderAle Brewery	Fort Lauderdale	2014
Concrete Beach Brewery	Miami (Wynwood)	2015
Khoffner Brewery USA	Fort Lauderdale	2015
26 Degree Brewing Company	Pompano Beach	2015
Bangin' Banjo Brewing Company	Pompano Beach	2015
Barrel of Monks Brewing	Boca Raton	2015
Devour Brewing Company	Boynton Beach	2015
Twisted Trunk Brewing	Palm Beach Gardens	2015
Lincoln's Beard Brewing Company	Miami	2016
The Tank Brewing Company	Miami	2016
Accomplice Brewery & Ciderworks	West Palm Beach	2016
Civil Society Brewing Company	Jupiter	2016

Figure 7- South Florida Breweries in order of date established

South Florida breweries in order of estimated available seating:

Breweries	Location	Seating Capacity
26 Degree Brewing Company	Pompano Beach	400
Big Bear Brewing Company	Coral Springs	308
Funky Buddha Brewery	Oakland Park	228 (+ Outdoor)
Titanic Restaurant and Brewery	Coral Gables	150
Biscayne Bay Brewing Company	Doral	150
Concrete Beach Brewery	Miami (Wynwood)	143
Copperpoint Brewing Company	Boynton Beach	104 (+ Outdoor)
M.I.A. Beer Company	Doral	100
Bangin' Banjo Brewing Company	Pompano Beach	90
LauderAle Brewery	Fort Lauderdale	75 (+Outdoor)
Lincoln's Beard Brewing Company	Miami	75
SaltWater Brewery	Delray Beach	60
Wynwood Brewing Company	Miami (Wynwood)	45-60
Abbey Brewing Company	Miami Beach	50
Tequesta Brewing Company	Tequesta	50
Devour Brewing Company	Boynton Beach	50
Hollywood Brewing Company	Hollywood	45 (+Outdoor)
Barrel of Monks Brewing	Boca Raton	40
J Wakefield Brewing	Miami (Wynwood)	30 (+Outdoor)
Khoffner Brewery USA	Fort Lauderdale	20

Figure 8 - South Florida breweries in order of estimated available seating

South Florida Breweries in order of 2016 sales (in barrels)- Source- 2016 Brewing Report:

Breweries	Location	Sales for 12 Months Ending October '16
Funky Buddha Brewery	Oakland Park	2,735.40
Concrete Beach Brewery	Miami (Wynwood)	2,104.21
M.I.A. Beer Company	Doral	1,128.73
Twisted Trunk Brewing	Palm Beach Gardens	1,011.11
Tequesta Brewing Company	Tequesta	992.43
Due South Brewing	Boynton Beach	912.04
SaltWater Brewery	Delray Beach	796.89
Wynwood Brewing Company	Miami (Wynwood)	620.38
Copperpoint Brewing Company	Boynton Beach	611.98
26 Degree Brewing Company	Pompano Beach	586.47
Civil Society Brewing Company	Jupiter	516.45
Miami Brewing Company	Homestead	440.22
Big Bear Brewing Company	Coral Springs	415.77
J Wakefield Brewing	Miami (Wynwood)	334.2
LauderAle Brewery	Fort Lauderdale	299.35
Bangin' Banjo Brewing Company	Pompano Beach	260.33
Barrel of Monks Brewing	Boca Raton	246.49
Titanic Restaurant and Brewery	Coral Gables	243.00
Hollywood Brewing Company	Hollywood	194.16
Devour Brewing Company	Boynton Beach	98.86
Lincoln's Beard Brewing Company	Miami	86.55
Biscayne Bay Brewing Company	Doral	85.82
Khoffner Brewery USA	Fort Lauderdale	35.54
The Tank Brewing Company	Miami	7.67

Figure 9 - South Florida Breweries in order of 2016 sales (in barrels)

South Florida Breweries in order of Facility Size:

Breweries	Location	Facility Size (SqFt)
Funky Buddha Brewery	Oakland Park	180,000
The Tank Brewing Company	Miami	25,000
26 Degree Brewing Company	Pompano Beach	21,000
Concrete Beach Brewery	Miami (Wynwood)	15,422
Due South Brewing	Boynton Beach	15,000
Copperpoint Brewing Company	Boynton Beach	12,000
M.I.A. Beer Company	Doral	10,000
Miami Brewing Company	Homestead	10,000
Barrel of Monks Brewing	Boca Raton	9,000
SaltWater Brewery	Delray Beach	8,192
Khoffner Brewery USA	Fort Lauderdale	7,800
Wynwood Brewing Company	Miami (Wynwood)	7,199
Twisted Trunk Brewing	Palm Beach Gardens	5,772
Big Bear Brewing Company	Coral Springs	5,658
Civil Society Brewing Company	Jupiter	5,600
J Wakefield Brewing	Miami (Wynwood)	5,400
Bangin' Banjo Brewing Company	Pompano Beach	5,000
Biscayne Bay Brewing Company	Doral	3,400
LauderAle Brewery	Fort Lauderdale	3,200
Lincoln's Beard Brewing Company	Miami	3,150
Devour Brewing Company	Boynton Beach	2,600
Titanic Restaurant and Brewery	Coral Gables	2,500

Figure 10 - South Florida Breweries in order of Facility Size

Micro-Breweries in South Florida

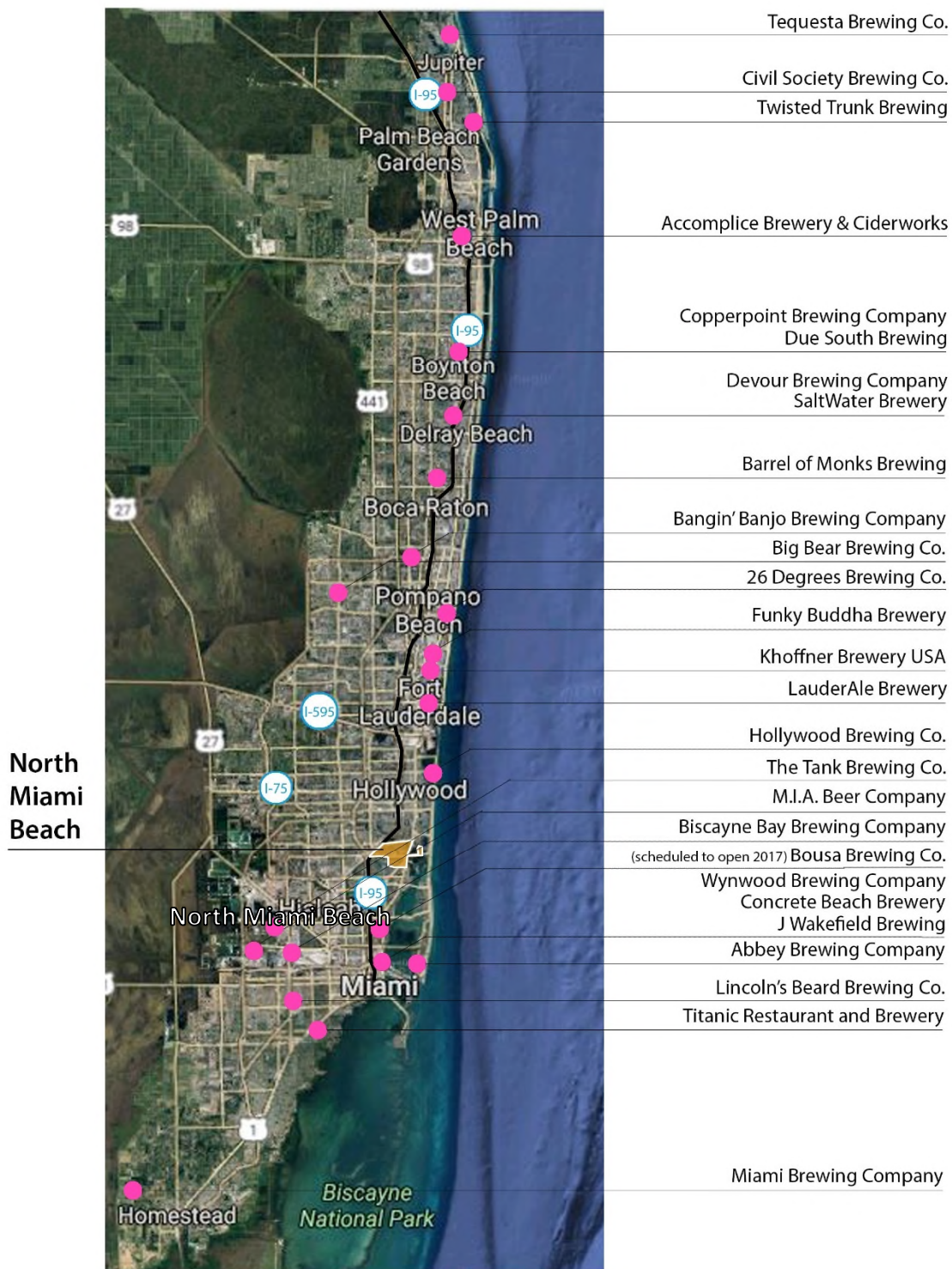


Figure 11- Craft Breweries in South Florida

IDENTIFY COMMON BUSINESS CLIMATE THEMES THAT MAY IMPACT A CRAFT BREWERY'S DECISION TO RESPOND TO THE SOLICITATION

This section will identify and explain business climate themes that may impact a craft brewery in North Miami Beach. These themes include the regulatory environment for manufacturing and distributing beer, brewery operations, facility requirements, customer service, and community perception.

Regulatory Environment

Manufacturing License Summary



To manufacture beer, each brewery must have a Cereal Malt Beverage (CMB) License. In order to sell beer, the brewery must either have a taproom exception (Florida Statute 221(2)) or a brewpub exception (Florida Statute 221(3)). Brewpubs under subsection 3 cannot exceed a 10,000 keg (keg = 15.5 gallons) threshold (5,000 bbls). Taprooms qualify under subsection 2 if they "promote the brewery and the tourist industry of the state."

License Type	Barrel Limit per License
Brewpub - CMBP License	Will not exceed 10,000 kegs (5,000 bbls)
Manufacturer (more than 10,000 kegs) -- Cereal Malt Beverage (CMB) License	No Limit
Temporary License	No Limit

Statutory Definition of Beer: The terms "beer" and "malt beverage" mean all brewed beverages containing malt.

Provisions and Fees

Each vendor of malt beverages containing alcohol of 0.5 percent or more by volume shall pay an annual state license tax as follows: Brewpub CMBP License: \$500; Manufacturer CMB License: \$3,000. (Fla. Stat. § 563.02)

Franchise Laws

Franchise laws refer to the regulations between breweries and wholesale distributors. Franchise laws ensure that a distributor can act independently from the brewery, particularly with respect to setting prices, so long as the distributor maintains satisfactory sales levels. Below is a summary of Florida Statute Section 563.022:

Exclusive sales territories, in writing, and filed with the State. Termination upon 90 days' notice, with wholesaler permitted to cure defects within the notice period. Termination without good cause is forbidden. Good cause includes a violation of a reasonable and material contract term. Termination upon 15 days' notice is allowed in certain instances such as insolvency, license loss for more than 60 days, fraud, and sales outside of the wholesaler's territory.

Growler Laws

The State of Florida statute has specific growler language that states — "Notwithstanding any other provision of the Beverage Law, a malt beverage may be packaged in a growler, which is an individual container that holds 32, 64, or 128 ounces of such malt beverage if it is filled at the point of sale."

As craft breweries continue to expand their presence in the beer industry, competition between microbreweries and "big beer" breweries have increased. From 1965-2015 the State of Florida was the only state in the country to place a ban on 64-ounce (standard industry size) growlers. Regulators claimed this law was enacted to discourage excessive drinking, however many independent brewers argued that the growlers represented a large portion of sales and that the law favored the big beer industry. The state recently passed legislation removing the ban. Florida Governor Rick Scott was quoted; "By making the sale of 64 ounce growlers legal in Florida, we are eliminating another burdensome regulation and allowing more Florida businesses to succeed. We are pleased to continue to create a world class business environment where all businesses, including breweries, can succeed."

- Growlers permitted under manufacturer license: Yes
- Growlers permitted under brewpub license: Yes
- Growlers permitted under retailer license: Yes

According to Florida Law:

(a) A growler may be filled or refilled by any of the following:

1. A licensed manufacturer of malt beverages holding a vendor's license under s. 561.221(2).
2. A vendor holding a quota license under s. 561.20(1) or s. 565.02(1)(a) that authorizes the sale of malt beverages.
3. A vendor holding a license under s. 563.02(1)(b)-(f), s. 564.02(1)(b)-(f), or s. 565.02(1)(b)-(f), unless such license restricts the sale of malt beverages to sale for consumption only on the premises of such vendor.

(b) A growler must include an imprint or label that provides information specifying the name of the manufacturer, the brand, and the anticipated percentage of alcohol by volume of the malt beverage. The container must have an unbroken seal or be incapable of being immediately consumed. © A licensee authorized to fill or refill growlers may not use growlers for the purposes of distribution or sale outside of the licensed manufacturing premises or licensed vendor premises. Fla. Stat. § 563.06(7)

There is no license available for self-distribution. (Fla. Stat. § 563.022)

State Excise Tax Rates

Fla. Stat. § 563.05. Excise taxes on malt beverages. As to malt beverages containing 0.5 percent or more of alcohol by volume, there shall be paid by all manufacturers, distributors, and vendors, as herein defined, a tax of 48 cents per gallon upon all such beverages in bulk or in kegs or barrels; and, when such beverages are sold in containers of less than 1 gallon, the tax will be 6 cents on each pint or fraction thereof in the container. However, the excise taxes required to be paid by this section upon malt beverages are not required to be paid upon such beverages when they are sold to post exchanges, ship service stores, and base exchanges located in military, naval, or air force reservations within this state. **\$14.88 per barrel - \$0.48 per gallon**

Sampling

Sampling offers customers a chance to taste products before making a purchase and is an effective customer service tool for breweries. In Florida, samples are permitted for *on premise consumption only*.

On/Off Premise Sales

On-premise consumption is permitted, off-premise sales not permitted.

Operations

Hours of Operation

State law prohibits the selling of alcohol between 3:00 a.m. and 7:00 a.m., unless the county chooses to change the operating hours later; such as for Sunday morning; Ormond Beach stays open until 7:00 pm on Sundays. Miami-Dade County liquor stores may operate 24 hours a day. Operating hours for select South Florida breweries:

Brewery	Location	Hours Open
Abbey Brewing Company	Miami Beach	Monday-Sunday 1:00 PM-5:00AM
Wynwood Brewery	Miami	Sunday-Monday Noon-10:00PM Tuesday-Saturday Noon-Midnight
J Wakefield Brewery	Miami	Tuesday-Thursday 2:00-11:00PM Friday-Saturday 12:00PM-1:00AM Sunday-Monday 12:00-8:00PM
Funky Buddha Brewery	Oakland Park	Monday-Sunday 11:30AM-Midnight
Titanic Restaurant & Brewery	Coral Gables	Sunday-Thursday 11:30AM-1:00AM Friday-Saturday 11:30AM-2:00AM

Serving Age

18 years of age or older in the sale, preparation, or service of alcoholic beverages in a licensed on premise establishment (FL Statute 562.111(1))

Facility Requirements

The following facility/infrastructure requirements are based on industry standards from JVNW Inc. JVNW is an equipment manufacturing company that specializes in understanding and providing micro-breweries with sufficient infrastructure. Please note the abbreviation “bbl” is equivalent to one barrel of beer, or 31 gallons. A “BTU” is a British Thermal Unit, or the amount of energy to raise 1 lb of water 1 degree Fahrenheit in one hour.

Worker Requirements

.5 – 1.5 workers/1,000 bbls yearly capacity, Average .75 workers/1,000 bbls

Utilities

Electrical 20 – 35 kWh/bbl

Natural Gas 2 – 3.7 Therms/bbl

Water 6 – 8 BBL's water/bbl beer produced

Refrigeration 10 – 20 BTU chiller capacity/bbl yearly capacity

Direct Fired Brew Kettle 25,000 30,000 BTU/bbl Cast Wort

Brewhouse Yield

Single Temperature Infusion 50 – 68%

Temperature Programmed Mash 65 – 72%

Space Requirements

Complete Brewery .5 – 1 sq. ft./bbl of yearly capacity

Sacked Malt Storage .15 – .25 sq. ft./bbl of yearly capacity

Sample CRA Brewery Layout

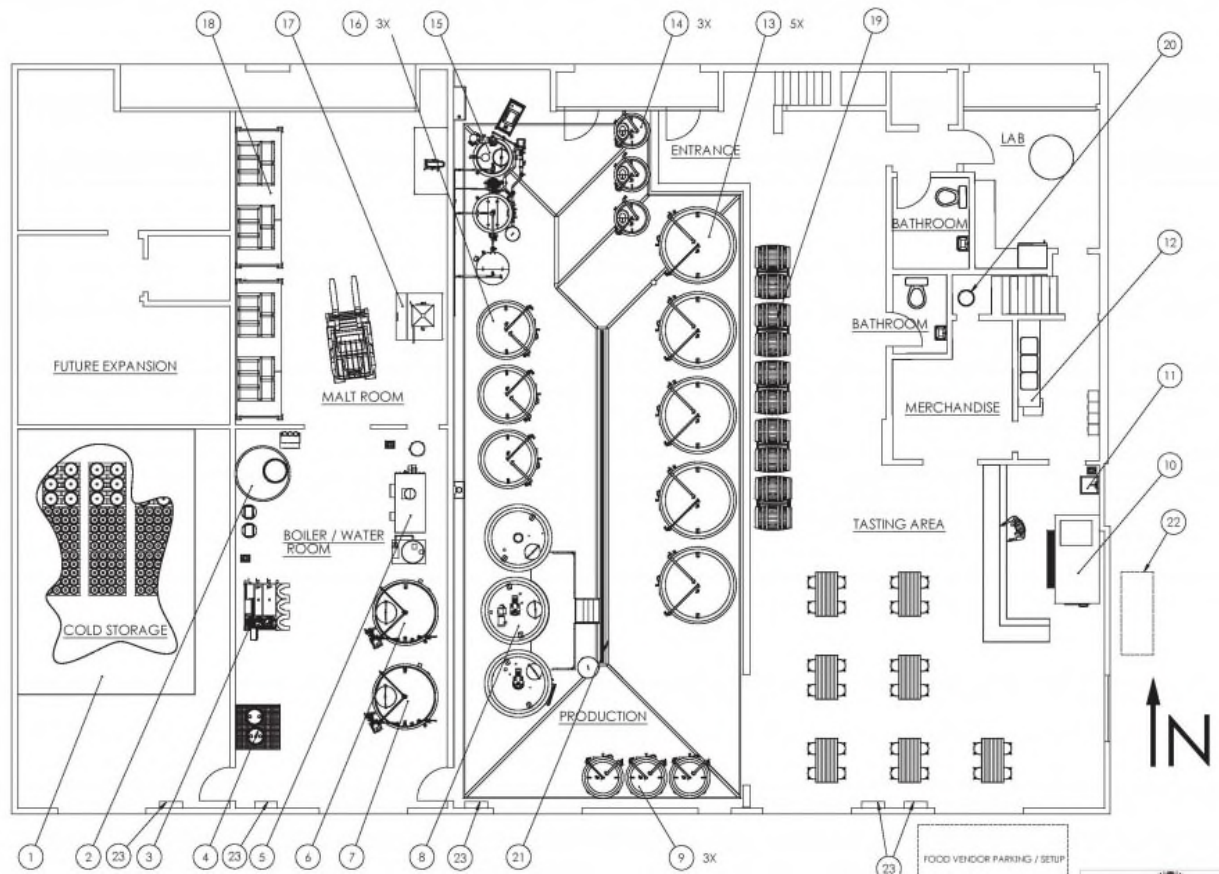


Figure 12- Sample Craft Brewery Layout

1. Cold Storage	9. 7 BBL Fermenters	17. Grain Cracker
2. Reverse Osmosis Water Station	10. Small Walk-In Cooler	18. Grain Rack
3. Keg Washer	11. Mop Sink	19. Barrels
4. Chemical Containment	12. 3 Compartment Sink	20. Water Heater
5. Steam Boiler	13. 60 BBL Fermenters	21. Trench Drain
6. Hot Liquor Tank	14. 3 BBL Fermenters	22. Main Water & Gas
7. Cold Liquor Tank	15. 3 BBL Pilot Brewhouse	23. 200 Amp Panel
8. 15 BBL Fermenters	16. 30 BBL Fermenters	

<u>Calculation method</u>	Square feet per yearly barrel production capacity
Maximum	40.0
Minimum	0.2
Average (mean)	4.6
Median	1.6
Standard Deviation with 99% confidence	2.16

Brewery Districts

This section highlights areas in the U.S. with existing or proposed micro-brewery districts or clusters.

The CRA Board in May, 2017 designated the entire Redevelopment Area as Florida's first Brewery District and eligible for CRA incentives.

- Columbus, Ohio- In the early 1800's, immigrants began to settle on pastures and farmlands on the south side of Columbus. The area became known as German Village and its proximity to the spring-fed Scioto river made it the perfect area for producing beer. City brewery became the first to open in 1836 with 5 other breweries opening shortly after. German Village Brewing District is now a major tourist destination with brewery, restaurant, and shopping options. The architecture from the 1800's has been preserved giving the area a historic context.
- Indianapolis, Indiana- Downtown Indianapolis became stagnant after the great recession and the economic downturn that followed. That is, until 2009 when Sun King Brewing opened shop, setting off an explosion of craft breweries in the area. Today there are 8 breweries throughout the district. Many residents claim the brewing district was an area you would simply drive through. Now people are stopping, visiting business, and walking throughout the district. The success of the breweries has brought in new investment; businesses are relocating to the downtown and blighted infrastructure is being refurbished.
- Visalia, California- In September of 2016 Visalia City Council voted 5-0 passing an ordinance to create a microbrewery and winery district. The new zoning allows craft breweries to open in the district without a special permit. Instead, it will go through the City's site plan review process for fire safety, traffic, parking and other issues, although a permit would be required if it would be near a church or children's museum. The district was created to help revitalize a neglected part of town and enhance entrepreneurship in the City.
- Tumwater, Washington- Tumwater, just outside of Seattle, is trying to create incentives for development in the long-dormant brewery district and enhance the City and states reputation as a craft brewing hub. One incentive is a planned action ordinance that identifies all the regulations for the brewery properties and basically clarifies what a developer can and cannot do. The City is currently taking steps to rejuvenate the brewing district by hosting tasting events, creating impact reports, and negotiating the possible donation of the vacated historic brewhouse.

Hours of operation

Permitted Days and Hours of Sale—Sunday Restrictions; Hotels and Nightclubs.

No distributor or vendor of alcoholic beverages shall sell, serve, offer to sell, allow to be consumed, or deliver any alcoholic beverages to any person:

- a.) On Mondays through Saturdays between 2:00 a.m. and 7:00 a.m. and on Sundays between 2:00 a.m. and 1:00 p.m. unless otherwise permitted as set forth herein.
- b.) Upon application by a holder of a business tax receipt for a business tax receipt to extend the hours of a distributor or vendor of alcoholic beverages from 2:00 a.m. to 4:00 a.m., the holder of a business tax receipt shall be issued an initial business tax receipt for a six (6) month period at a non-refundable fee of one-half the annual fee. Thereafter, a business tax receipt for the extension of hours from 2:00 a.m. to 4:00 a.m. shall be issued on an annual basis for a non-refundable fee to be determined by the type and size of establishment.

There is additional provision for the extension of hours from 4:00 a.m. to 6:00 a.m.

MARKET OPPORTUNITY AND PROJECT BARRIERS

RMA and CRA staff thinks that there is a strong market opportunity for a craft brewery (or breweries) in northern Miami-Dade County, and especially in North Miami Beach.

Underserved Marketplace - Although the craft brewery space has gotten crowded during the past three years, there is a significant geographical gap that is centered in North Miami Beach. The craft brewery industry in South Florida is located primarily south of the Airport Expressway (SR 112), west of the Palmetto Expressway (SR 826), and north of Interstate 595 in Broward County.

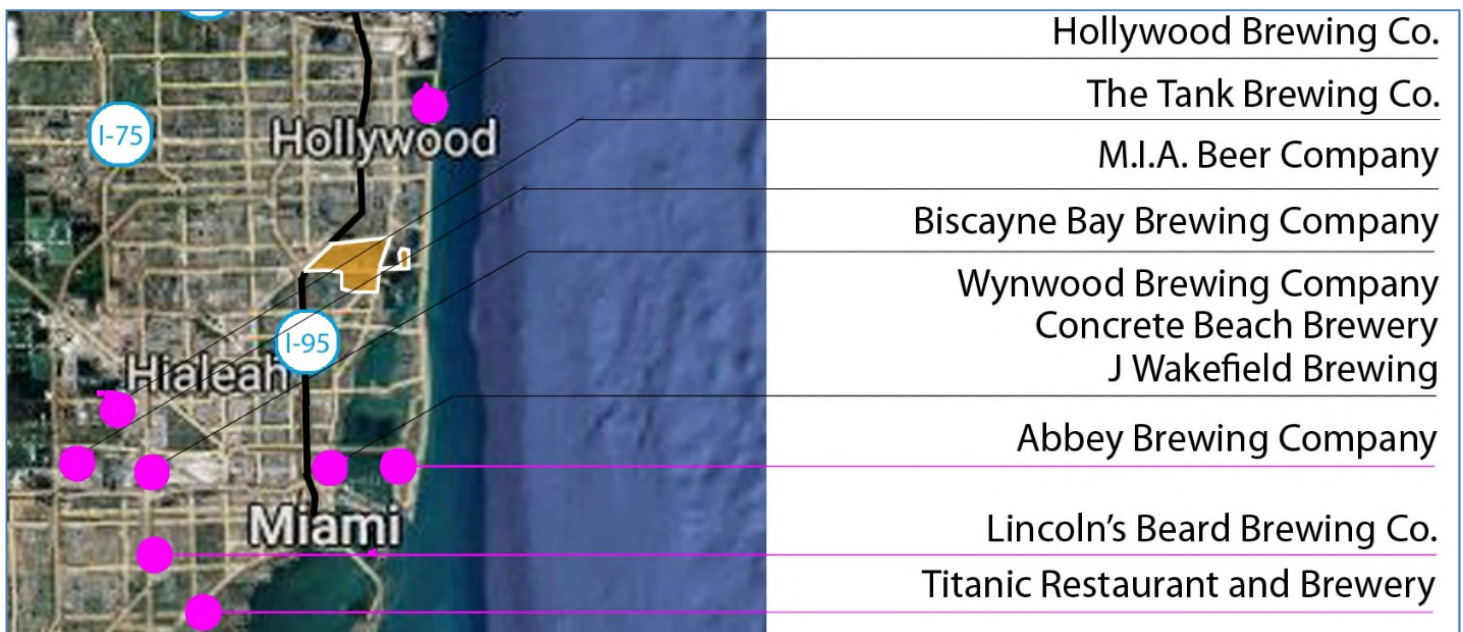


Figure 14- Craft Breweries Near to North Miami Beach

There are 13,507 households within a 5-minute drive of the intersection of NE 164th Street and West Dixie Highway, 64,887 within ten minutes, and almost 130,000 within a fifteen-minute drive. There are no craft breweries within that 15-minute drive time trade area. The median age of these residents is between 36-38 years old, and median household income ranges between \$35,000 and \$43,000 per year. Almost 60% of the workforce in this area work in white collar professions and 28.5% of the households are one-person households. And within a four-mile radius of City Hall, there is a population of approximately 260,000 persons.

Market Growth – North Miami Beach is experiencing significant growth, with several projects in the planning stages that will represent several thousand residential units in the next few years. The growth that will occur will be unmatched anywhere in Miami-Dade County outside of the traditional urban centers, and will make northeast Miami-Dade County fertile ground for entrepreneurs and businesses that are seeking to expand and access customers in locations such as Aventura, Sunny Isles Beach, Hallandale Beach, North Miami, Bal Harbour, Golden Beach, Surfside, Miami Gardens, and North Miami Beach.

Real Estate Market – The North Miami Beach real estate market is affordable compared to other locations in South Florida, especially for the types of spaces that a craft brewery is likely to seek out. Of course, there are many types of real estate in the market, and some locations (such as along Biscayne Boulevard) will be more expensive, in part due to the significant visibility provided. Additionally, North Miami Beach real estate is more affordable, and there is more available than in other northeast Miami-Dade markets such as Aventura and Sunny Isles Beach. The real estate needs for a craft brewery can be very specific, and vary from brewer to brewer. Facility growth needs can be challenging to project into the future, but must be planned for in the initial stages of site selection. Identification of available real estate and proactive efforts to resolve any issues associated with it should be a focus of the CRA effort.

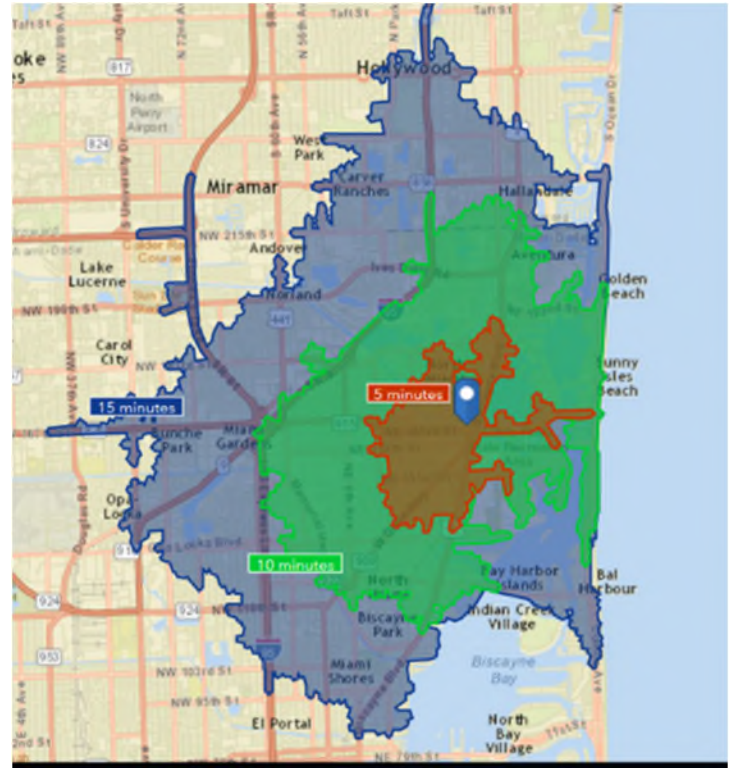


Figure 15 - 5, 10, 15 Minute Drive Radii from North Miami Beach City Hall

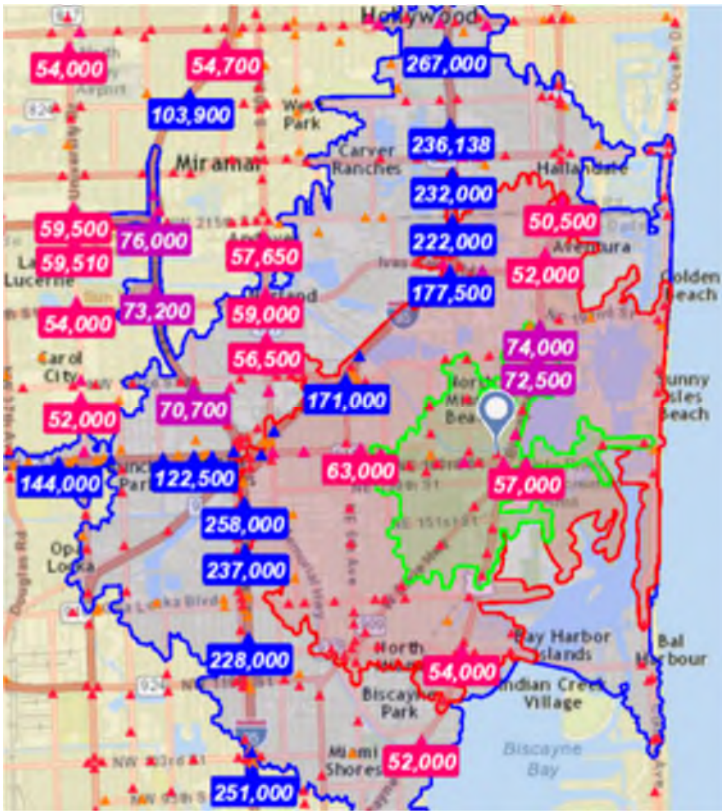


Figure 16- Average Daily Traffic Counts for North Miami Beach Area



Figure 17- Norwood Water Treatment Plant, NMB

Access and Infrastructure – North Miami Beach is easily accessible to all of South Florida, with direct connections to the Florida Turnpike, Interstate 95, US1/Biscayne Boulevard, the Palmetto Expressway (SR 826), and the beach communities along NE 163rd Street. These roadways have some of the highest traffic counts in South Florida.

Additionally, the City of North Miami Beach has its own water utility which ensures access to water and the ability to build a direct relationship with the utility and its leadership. NMB's Norwood Water Treatment Plant gathers water from the Biscayne and Floridan aquifers. Production wells pump water from these aquifers, and it is then processed through one or more of the following treatment processes: lime softening, nanofiltration, and reverse osmosis. The water is then blended, chlorinated for disinfection, fluoridated for dental-health purposes, and then distributed through our infrastructure to a water service population of approximately 170,000 people.

Regulations – The City of North Miami Beach has established a process which permits the sale of alcohol until 2 a.m., and includes further provisions to extend the hours of alcohol sales until 4 a.m. or even 6 a.m. However, while bars and lounges are allowed in the business and mixed use districts, in the business districts there is a 1,500-foot distance separation between

bars. This could negatively impact the location of a craft brewery given the challenges that may be experienced in identifying suitable real estate. Additionally, breweries are currently only identified as an allowable use in the B-5 district, where they are a conditional use.

GOALS AND OBJECTIVES

- Capitalize on the City's reputation as Business Friendly and Open for Business
- Identify suitable real estate
- Identify maximum impact variables
- Identify and implement regulatory enhancements
- Attraction of a craft brewery and the creation of a brewpub cluster

CRA LEGISLATIVE AUTHORITY AND APPROPRIATION

Redevelopment Plan Authority

Under the 2015 Redevelopment Plan approved by the Miami-Dade County Board of County Commissioners on March 7th, 2017 through Resolution R-213-17, file number 170254, the CRA is empowered to use the Redevelopment Trust Fund to provide:

Financial Incentives for New Businesses which was described as:

Attracting new businesses will be critical to the success of the redevelopment and revitalization of the commercial portions of the Redevelopment Area. The ability to offer financial incentives increases the potential for success in attracting the numbers and types of businesses needed and desired to create a sustainable business community.

The Agency is empowered to use Tax Increment Finance ("TIF") fund monies to pay incentives to new businesses that locate in the Redevelopment Area. The Agency will prepare and adopt guidelines as to the type of businesses that will be eligible and the amount of the financial incentive, before such incentives are implemented.

The CRA has other tools and methods at its disposal to assist with this Targeted Industry Incentive Project.

Budget Approval

The Miami-Dade County Board of County Commissioners approved the CRA's FY17 budget on March 7, 2017, through Resolution R-239-17, file number 170178. A \$500,000 appropriation was approved for a "Targeted Industry Incentive Project – This project will create new employment opportunities through the attraction of a microbrewery of craft beer ("targeted industry"). The incentive is a not-to-exceed amount."

Florida law requires that the CRA incentives for the Targeted Industry Incentive Project are only available within the Redevelopment Area. Below, the Redevelopment Area is outlined in red.

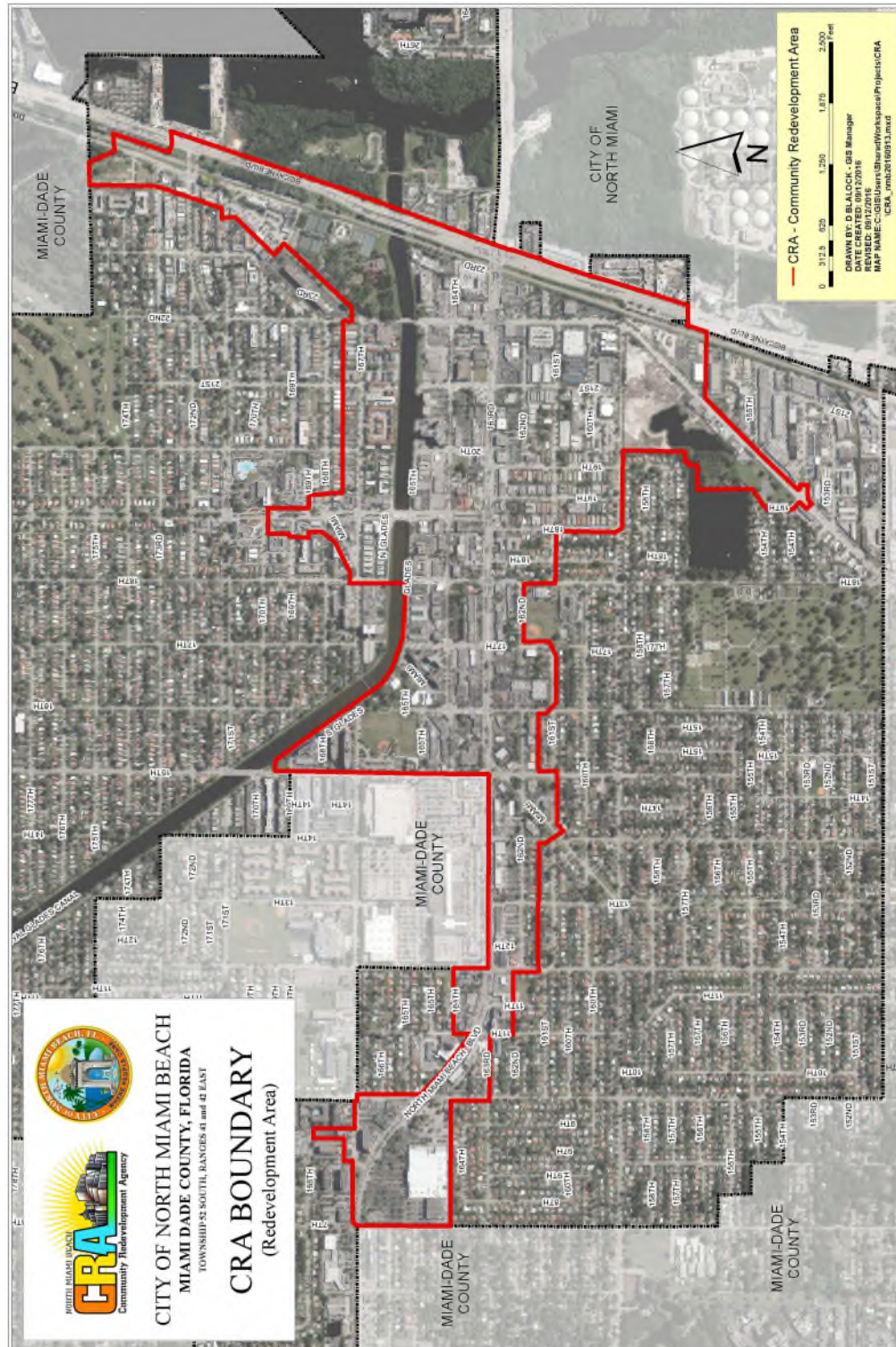


Figure 18 – North Miami Beach Community Redevelopment Agency **Redevelopment Area**

METHODS OF ATTRACTION

There are several methods which the CRA and City can utilize to pursue the attraction of one or more craft breweries to North Miami Beach.

Notice of Funding Availability (NOFA) – An NOFA is generally used to announce the availability of grant funding, identify the purpose of the funding, establish criteria for eligibility, and set forth the process to apply for and compete for the grant funding. An NOFA can be distributed widely to prospective entities, and it provides the CRA with a transparent, competitive process that identifies the best proposal or proposals for the use of public funds. An NOFA process and application is less cumbersome than a full RFP process and is likely to attract more interest from prospective respondents.

Request for Proposal (RFP) – An RFP may be prepared by the purchasing department that sets out a specific scope that defines what the CRA is seeking. This RFP can be distributed through normal channels, it can be sent directly to craft breweries, distributed by trade associations, and it may be promoted in advertisements. The RFP may request the proposer to identify the specific type of support that is being sought from the CRA, and should identify the community benefits and economic impact of their proposal. The downside to the RFP process is that it can be cumbersome, and it is a process that craft breweries are not accustomed to. Therefore, participation may be negatively impacted through an RFP process. Furthermore, an RFP process time frame can be lengthy, in part due to the cone of silence that is imposed for the duration of the solicitation. This prevents the parties from addressing challenges that must be overcome until well into the negotiation process once a proposer has been selected. The benefit of an RFP is that it provides a transparent, competitive process for evaluation to identify the proposal or proposals that will provide the best return on public resources and provide the largest community benefit and economic impact.

Target Industry Incentive – Target industry incentives have been widely used by economic development organizations, including Miami-Dade County and the State of Florida. The advantage of a Target Industry Incentive is that they can be designed as quick response programs to take advantage of opportunities as they arise. They allow for the use of negotiated incentives which can identify and address challenges to project feasibility as they are identified. Rather than provide a competitive environment, this type of incentive is usually structured as a first-come, first-served incentive, but one with rigorous criteria. This ensures that an eligible applicant will meet and perform to the standards that have been identified for the receipt of public funding assistance. Therefore, a transparent process can still be established through this method, and the identified performance standards can be met, but there is always the chance that a better opportunity may be missed with this process.

RECOMMENDATIONS

RMA's recommendation is that the CRA determine the standards for eligibility for incentive funding support, and develop and issue an NOFA for established craft breweries to compete for CRA support. This allows the CRA to solicit proposals through a more flexible and shorter process, while also creating a sense of urgency and competition between prospective proposers that may not exist under the target industry incentive option. The CRA should establish the following criteria to be included in the NOFA:

1. Promote that the Redevelopment Area is Florida's first Brewery District
2. Require site identification and suggested recommendations
3. Establish facility minimum square feet
4. Establish facility maximum square feet (optional)
5. Establish facility minimum production
6. Establish minimum seating
7. Establish maximum seating (optional)
8. Determine eligibility of brewpubs only
9. Request conceptual site plan and design
10. Establish eligible uses for appropriated funds
11. Establish a point system for ranking applicants
12. Establish bonus point system for unique features or products (optional)
13. Recommend a selection committee to review and rank applicants
14. Establish a modified cone-of-silence system during the NOFA availability period

Additionally, the CRA may consider issuance of a Request for Letters of Interest before the issuance of the NOFA to gauge interest from brewers in and outside of South Florida including any international interest!

Map of Miami and surrounding areas showing the locations of six breweries and restaurants. The map is color-coded by distance from a central point: 15 minutes (orange), 15 miles (yellow), and 3km/2mi (green). The locations are: Hollywood Brewing Co. (top right, 15 minutes), Bousa Brewing Co. 2 (center right, 15 minutes), Wynwood Brewery (center, 15 miles), Abbey Brewing Company (bottom right, 15 miles), Titanic Brewery and Restaurant (bottom center, 15 minutes), and The Tank Brewing Co. (center left, 15 minutes). The map also shows major roads, parks, and water bodies.

Source: ©2015 Esri

Figure 19 - 15 Minute Drive Radii from Craft Breweries