Attachment – Informational Item

AleSmith Brewing Co. Project - Site Information

Council District:	6 (Zapf)
Community:	Mira Mesa
Land Use Designation:	Light Industrial
Zoning:	Industrial – Light (IL-3-1)
Previous Use:	Light Manufacturing
Proposed Use:	Light Manufacturing
Previous User:	Hoist Fitness Company
Proposed User:	Alesmith Brewing Co.
Owner:	Westcore Properties
Current Building Size:	105,636 square feet
Proposed Building Size:	105,636 square feet
Projected Jobs:	25+
Investment:	Confidential
Status:	Planning & Design Phase

December 23-29, 2013 $2.00

Brewers Get a Bigger Welcome Mat in City

PROPERTY: Regulatory OK Opens Areas to Mixed Facilities

By LOU HIRSH

The California Coastal Commission has granted authority to the city of San Diego to allow restaurants and tasting rooms at micro-breweries in coastal industrial zones, as the city aims to compete for its share of new businesses in the burgeoning craft beer industry.

While no formal projects have been put forward, the coastal panel's blessing allows for future craft-beer production facilities — if they are at least 12,000 square feet — to also include an accessory tasting room or eatery that takes up no more than 25 percent of the

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More Capacity Just Part of Bigger Plan for AleSmith Expansion

BREWING: New Site In Miramar to Bring Opportunities and Jobs

By LOU HIRSH

Miramar's profile as a key local craft beer hub is about to grow higher, as San Diego-based **AleSmith Brewing Co.** prepares to quintuple its operational footprint in that neighborhood.

The first brewer to set up shop in Miramar in 1995, recently announced a planned January 2015 opening for a 105,600-square-foot facility, set to include a new state-of-the-art manufacturing system along with a retail store and tasting room.

AleSmith is moving to a space that it will renovate at 9990 Empire St., after signing an 11-year, $9.7 million lease with the building's owner, **Westcore Properties**. The brewer expects to boost production from its current 15,000 to 25,000 barrels next year, after it moves out of its 20,000-square-foot space at 9368 Cabot Drive.

The company plans to add up to 25 new positions in production, retail, sales and management in 2015, which would double its current employee count.

Unlike most of the growing number of beer tasting rooms and stores cropping up at San Diego County's craft beer companies — numbering more than 80 and increasing — AleSmith also plans to offer a variety of cheeses made on-site.

The idea stems from a longtime passion of company owner **Peter Zien**, who said some of the cheese recipes will incorporate the company's beer. Elsewhere in the facility, the aim will be to increase visitors in the world of craft brewing.

Conceptual rendering courtesy of AleSmith Brewing Co.

Plans for AleSmith Brewing Co.'s new Miramar production facility, set for a 2015 opening, include a state-of-the-art brewing and bottling system, retail store and tasting room.

The 'Hop-iest' Place on Earth

"What we're planning is sort of like a Disneyland of breweries," said Zien, 51, who bought the company in 2002. "We'd like to set it up so you'll be able to walk along a second-floor mezzanine and do a self-guided tour of the beer making process."

Peter Zien

Miramar has long been seen as a cost-effective place to set up beer-making operations, thanks to its industrial space availability, central geography and proximity to Interstates 15 and 805, giving brewers quick distribution access to their customers to the north and south.

"It's tends to be a very stable market," said **Hack Adams**, senior vice president of acquisitions and leasing for San Diego-based Westcore Properties. "It doesn't have the highs and lows you might see when you're going into a recession or coming out of a recession."

Westcore is a national investor in industrial and office properties, and the bulk of its San Diego industrial portfolio — about 700,000 square feet — is concentrated in Miramar. Adams said the company is seeing increasing queries locally and nationally among craft brewers seeking space for expansion, typically ranging from 15,000 to 30,000 square feet.

Hack Adams

Jolingly, Adams noted, two other beer makers looked at the Empire Street space during the past year before the AleSmith deal was finalized: **Karl Strauss Brewing Co.** and **Ballast Point Brewing & Spirits**, the local region's second- and third-largest craft brewers, respectively.

Ballast Point opted for a space on Carroll Way, signing a $16 million, 180-month deal with building owner **ILG Fenton Co.** to occupy more than 106,000 square feet, in one of the biggest Miramar industrial deals of the past decade.

Ballast Point is contending that site for what will be its fourth and largest location in San Diego, set to house its main brewing facilities by midyear. Company officials said the location by late 2014 will also include 36,000 square feet of office and retail operations, including a tasting room and restaurant.

New Distributors Sought

Also located in Miramar is **White Labs**, which supplies beer yeast and brew-testing services, along with **Hess Brewing** and other smaller niche brewers.

By production volume, AleSmith Brewing is among the 30 largest craft beer makers headquartered in San Diego County. Zien said the privately held company posted revenue of about $4.9 million in 2013.

He said the company is quickly running out of space at its current Miramar location. Its footprint started at about 3,200 square feet and grew sixfold over the past ten decades as the brewer expanded into surrounding suites in the Cabot Drive building.

Company leaders said the new facilities at Empire Street will have a state-of-the-art brew house and cellar, with a bottling line from **Krones**, a leading German packaging and bottling system manufacturer.

Zien said AleSmith is aiming to add up to five new distribution areas for its beers in 2015, with a goal of reaching an annual capacity of 150,000 barrels within the next few years.