

1. **PLN-ZOTA-25-00006: MICRO-DISTILLERY IN THE DOWNTOWN BUSINESS (B-2) ZONE** – a text amendment to modify the Downtown Business (B-2) zone to allow micro-distilleries.

INITIATED BY: New Era Whiskey and Spirits, LLC
PROPOSED TEXT: Copies are available from the staff.

The Zoning Committee Recommended: **Postponement.**

The Staff Recommends: **Postponement.** for the following reasons:

1. The proposed text amendment allows micro-distilleries as a principal use in the Downtown Business (B-2) zone with restrictions. Additional research and analysis are necessary regarding the appropriateness of these restrictions and how they align with the intent of the Downtown Business (B-2) zone.
2. Additional time is necessary to research best practices and other ordinances that regulate the proposed use as well as related definitions.

Staff Presentation – Mr. Jeremy Young presented the Staff recommendation on the proposed text amendment. Mr. Young began by defining what a micro-distillery is, noting that it can produce up to 50,000 gallons of distilled spirit per calendar year under a Class B License. Mr. Young stated that the applicant is looking to add micro-distilleries as a principal use in the B-2 zone with a production limit of 10,000 gallons of distillate annually, limiting the distilling operation to within the structure, as well as an associated retail or drinking establishment.

Mr. Young gave a brief overview of the B-2 zone stating that is a specialized district for higher density residential and high intensity commercial and mixed use developments. Mr. Young noted that the zoning ordinance recognizes that the downtown core is meant to be the focal point of business, recreation and activities in Lexington. Additionally, Mr. Young presented a zoning map to demonstrate the location for all the B-2 zoning in Lexington.

Mr. Young indicated that when Staff first received this request they were not sure if a micro-distillery would be appropriate in this particular zone. However, after a significant amount of research of other city's ordinances, Staff determined that it was an appropriate use with a few different conditions than those that were proposed by the applicant. Mr. Young indicated that the initial 10,000 gallon limit proposed by the applicant could be limiting, so they added a micro-distillery to the list of conditional uses in the B-2 and B-2B zones. This would allow for an applicant to go to the Board of Adjustment to ask them to allow for more than the initial 10,000 gallon limit and go up to 50,000 gallons as the maximum.

Mr. Young concluded by stating that Staff was recommending approval of the Staff alternative text and could answer any questions from the Planning Commission.

Commission Comments and Questions – Ms. Molly Davis asked if micro-distilleries were making beer or spirits. Mr. Young indicated that it is specifically distilled spirits and there are other specific ordinances for wineries and breweries.

Ms. Davis asked if there were any smells that micro-distilleries make that a neighbor might find objectionable and if 10,000 gallons was enough for an applicant. Mr. Young stated that 10,000 gallons is generally a small amount for micro-distilleries and that the distilleries in Distiller's Row in Louisville have around that amount. Additionally, Mr. Young conveyed that the smell question would be better addressed by the applicant.

Mr. Mike Owens asked for clarity if the limit was 10,000 gallons of distillate or 50,000 gallons. Mr. Young indicated that 10,000 was the initial amount allowed, but an applicant could go to the Board of Adjustment to ask for a maximum of 50,000 gallons under the Staff alternative text.

Mr. Frank Penn asked for further confirmation that 50,000 gallons was the new limit and Mr. Young reaffirmed his previous answer that it could go up to 50,000 gallons with a conditional use permit.

Applicant Presentation – Jon Woodall, attorney for the applicant, gave a brief overview of the application and noted that in June the Urban County Council adopted a new definition of micro-distilleries which allowed for 50,000 gallons or less of distillate. Mr. Woodall stated that the applicant in their facility is only asking for 10,000 gallons and that would lead to about 180 barrels of bourbon a year. Mr. Woodall stated that he agreed with

* - Denotes date by which Commission must either approve or disapprove request, unless agreed to a longer time by the applicant.

Staff's alternative text that there needs to be a mechanism to allow an applicant to ask for more than the initial 10,000 gallon limit and stated he could answer any questions from the Planning Commission.

Commission Comments and Questions – Mr. Penn asked why the applicant was calling the distilled spirit whiskey and not bourbon. Mr. Charlie Curtz, applicant, stated that there will be production of rye whiskey as well as bourbon.

Mr. Penn asked if they intended to distill whiskey on the premises and if there would be a smell associated with the distillation. Mr. Curtz stated that the state requires them to distill 600 wine gallons a year at the facility through the still that is onsite and that there is no smell associated with this process since there is no fermentation at this site.

Public Comment – Brian Luftman, Co-Founder of Never Say Die Bourbon, stated his support for this text amendment so Lexington can be a part of the bourbon tourism that comes to the state.

Nick Nicholson, stated his support for this text amendment, and mentioned his experience in dealing with Whiskey Row in Louisville and how successful it has become.

Casey Mather, speaking for the Northside Neighborhood Association, was supportive of the text amendment, but noted the neighborhood's concerns regarding potential fire safety and mold.

Action – A motion was made by Mr. Larry Forester and seconded by Mr. Mike Owens, and carried 8-0 (J. Davis, Michler and Nicol absent) to approve PLN-ZOTA-25-00006: MICRO-DISTILLERY IN THE DOWNTOWN BUSINESS (B-2) ZONE with the Staff alternative language.