



MEMORANDUM

TO: Bob Klein, Chair, and Members of the
Alcoholic Beverage Control Board

DATE: August 14, 2018

FROM: Erika McConnell, Director

RE: 5182 Port Chilkoot Distillery

Requested Action: Licensed premises diagram change

Statutory Authority: 3 AAC 304.185(a) and (c) and (d): “(a) A license is issued for a specific place which is the licensed premises and which must be clearly designated in a line drawing accompanying an application. The licensed premises must be one area, but may include separate rooms if the rooms are adjacent to one another or if they are rooms described in AS 04.11.090(d). The address of the licensed premises and the business name under which the licensee is doing business at that address must be indicated on the license application. If the licensed premises consist of more than one room in which a fixed counter or service bar is regularly maintained, a duplicate license is required for the additional rooms.

(c) A licensee may not alter the functional floor plan, reduce or expand the area, or change the business name of the licensed premises without the prior written approval of the director. The licensee must provide a new line drawing showing the proposed changes in the premises. A licensee must pay fee of \$250 for changing the business name of the licensee's licensed premises when the name change is not part of a transfer of ownership or location. A request for a business name change for licensed premises not part of a transfer must be made on a form prescribed by the board.”

(d) If a business establishment or facility consists of both licensed premises and an unlicensed area, the licensee shall clearly segregate the licensed premises and the unlicensed area.

AS 04.21.080(b)(15): ““licensed premises” means any or all designated portions of a building or structure, rooms or enclosures in the building or structure, or real estate leased, used, controlled, or operated by a licensee in the conduct of business for which the licensee is licensed by the board at the specific address for which the license is issued;”

Staff Rec.: Approve the diagram change with delegation, pending submittal of information about how the “Corridor” area is “segregated” from the non-licensed area, and a

security plan for the “Corridor area”; put on the record the specific reasons why this outdoor area is acceptable to be licensed premises

Background: This distillery licensee is requesting to amend its licensed premises diagram to add a second building. In the AB-14 proposed diagram, the currently approved licensed premises is the building on the right side of the diagram, labeled with “Tasting Room,” “Porch,” “Bath,” and “Storage.” The new building is labeled “Production Area,” “Barrel Storage,” and “Delivery Storage Area.” The rectangle labeled “Corridor” is outdoor space.

Originally the licensee submitted a plan showing each building as separate licensed premises. I denied that request based on 3 AAC 304.185(a) which requires the licensed premises to be one area. The licensee returned a proposed diagram to include the outdoor space between the buildings as part of the licensed premises.

Although I have by no means reviewed every single premises diagram of all 1,800+ licenses, I can’t think of an outside area that is licensed premises that isn’t being used as an onsite consumption area. The definition of “licensed premises” includes the possibility of licensing “real estate,” but the restrictions that apply to licensed premises in AS 04.16.010(c), AS 04.16.030(a)(3), AS 04.16.045, AS 04.16.049(a), and AS 04.16.120 are difficult to implement in outside areas that are uncontrolled. AMCO requires a security plan for all outside areas that are part of licensed premises or premises to be permitted.

The licensee has provided reasonable justification for the need for the diagram change, and the outside space is only 19’ x 30’. Licensing the proposed outside area in accordance with the licensee’s description of their operations is unlikely to create issues with the statutes listed above, but a clearer understanding of what segregates the boundaries of the “Corridor” area (is there fencing?) and how the area will be kept secure is necessary. In addition, because this decision may be considered precedent, the board should put on the record the specific reasons why this outdoor space is acceptable to be licensed premises, which may not apply to all outdoor spaces.

Attachment: Most recent proposed diagram change
Current approved diagram



TO: Bob Klein, Chair, and Members of the Alcoholic Beverage Control Board

FROM: Heather Shade and Sean Copeland, Owner-Operators, Port Chilkoot Distillery

DATE: July 24, 2018

RE: Port Chilkoot Distillery Licensed Premises Diagram Change Application

We applied for a change in premises and were told our application was denied because the licensed facility was “not all one area”. We have since adjusted the diagram to better show that the facility IS all one contiguous area and to explain our need to construct a new addition that is joined to the original building by a corridor or breezeway.

Port Chilkoot Distillery owns a 200’x80’ piece of property as described below: Lot 3B Port Chilkoot Subdivision, Haines Borough Recording District. It is all one area and there are no roads or easements dividing the property area.

Currently, there is a small 50x28 ft. building on our property that we are using for all the different aspects of a Distilled Spirits Plant (DSP), which is made up of:

- Bonded storage area
- Production area- high proof spirits distillation
- Production area- grain milling, cooking, and fermentation
- Blending and bottling room
- Steam boiler room and Utility room
- Tasting Room (public access)
- Raw material storage
- Loading/shipping facility
- Offices

We have outgrown our facility and are in urgent need to expand the space. This design takes in to consideration Federal TTB Distilled Spirits Plant (DSP) requirements, Alaska Food & Beverage Safety Regulations, Customer Safety, Employee Safety, and the property itself which we already own and which will meet our business growth needs.

Distilleries are unique in their facility needs, and we are also working within the constraints of our building engineers, the State Fire Marshall requirements, Local Historical District Zoning, and State of Alaska DEC Food Safety requirements. The restrictions that we must fit within at our particular land area are:



- Conform to the local historical district zoning restrictions. The historical buildings in our district must maintain their unique historical character, and new buildings added to the property must do the same. Building an “addition” to our building would bring it out of historical compliance, and would not be approved, but we ARE allowed to build a separate building right next to it.
- Production area that conforms to an H-3 fire rating (fire walls, sprinkler system, and explosion-proof ventilation systems specific to the increased volume of high-proof (190 proof) distilled spirits in production and storage that we will have onsite.
- Whiskey-aging barrel warehouse that is climate controllable separately from the rest of the facilities and has its own ventilation system
- Warehousing area that send shipments of tax-paid product out of Federal Bond, and receives non-alcoholic raw materials, which is physically separated from the bonded facility.
- Bonded warehousing area for tax unpaid product that is completely inaccessible and locked to the public access areas.
- Tasting Room space/Public space that is safely separated from the high-hazard occupancy buildings and is physically separated from the production and bottling facility for sanitary reasons.
- Outside area to use for pallet storage, empty wooden barrel storage, shipping materials, fork lifts, cleaning materials, extra equipment, and for outdoor grain milling as needed.
- The ability to completely close off and lock production area and bonded warehouse storage with no direct access from tasting room facility.
- Utilizes the building and property we are already established on and own and accommodates the slope and features of the property.

The revised site plan we submitted accommodates for all of these considerations, provides the highest level of safety for employees and the public, and fits within the statute definition of “one area”:

- We are extending our production and storage in to the new space and making the tasting room space, office, and storage spaces larger in the existing area.
- The area between the building is not an “un-used space”, but rather is a contiguous part of the facility. We will use the outdoor space in-between for critical production-related equipment such as pallets, shipping materials, and forklifts. It is part of the distillery premises and is critical



to the production, as some equipment and materials must be stored outside, but be accessible to both buildings, and we also need to move between the two offices and storage areas.

This site plan also conforms to the high-hazard rating requirements of the State Fire Marshall, is already approved by the TTB, and has been approved by our local planning and zoning commission. It will provide for increased public safety, as it separates the high-hazard part of the facility that contains flammable, high-proof spirits, from parts that the public has access to for tastings and tours.

A straightforward way to plan for growth for distillery facilities is to consider the licensed premises area as a “set” of buildings within a contiguous area, allowing each building to be built to suite the special purposes of different aspects of the manufacturing, warehousing, bottling, storage, and tasting facilities that distilleries require. Separate buildings are the safest and most efficient way for manufacturers to accommodate this and is extremely common in the distillery business. Most distilled spirits plants, around the world rely on a “campus” of buildings, out-buildings, storage facilities, and barrel-aging warehouses. We hope that when future growth needs are considered, the entire contiguous physical property will be considered the licensed “premises”.

Attached is the proposed site diagram with site details. Please feel free to contact us with questions or if more supporting material is needed.

Thank you for considering our application.

Heather Shade and Sean Copeland

Port Chilkoot Distillery, LLC

Haines, Alaska



Alcohol and Marijuana Control Office
 550 W 7th Avenue, Suite 1600
 Anchorage, AK 99501
alcohol.licensing.alaska.gov
<https://www.commerce.alaska.gov/web/amco>
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-14: Licensed Premises Diagram Change

What is this form?

This licensed premises diagram change form is required for all liquor licensees seeking to alter the functional floor plan or reduce or expand the area of the establishment's existing licensed premises, under 3 AAC 304.185.

Your diagram must include dimensions and must show all entrances and boundaries of the premises, walls, bars, fixtures, and areas of storage, service, and consumption. If your proposed premises is located within a building or building complex that contains multiple businesses and/or tenants, please provide an additional page that clearly shows the location of your proposed premises within the building or building complex, along with the addresses and/or suite numbers of the other businesses and/or tenants within the building or building complex.

The second page of this form is not required. Blueprints, CAD drawings, or other clearly drawn and marked diagrams may be submitted in lieu of the second page of this form, as long as it meets the requirements listed on this form. The first and third pages must still be completed, attached to, and submitted with any supplemental diagrams. An AMCO employee may require you to complete the second page of this form if additional documentation for your premises diagram is needed.

This form must be completed and submitted to AMCO's main office prior to altering the existing floor plan. The licensed premises may not be altered unless and until the AMCO Director has given written approval on this form. Please note that licensees seeking to change licensed premises diagrams for multiple licenses must submit a separate completed copy of this form for each license.

Yes No

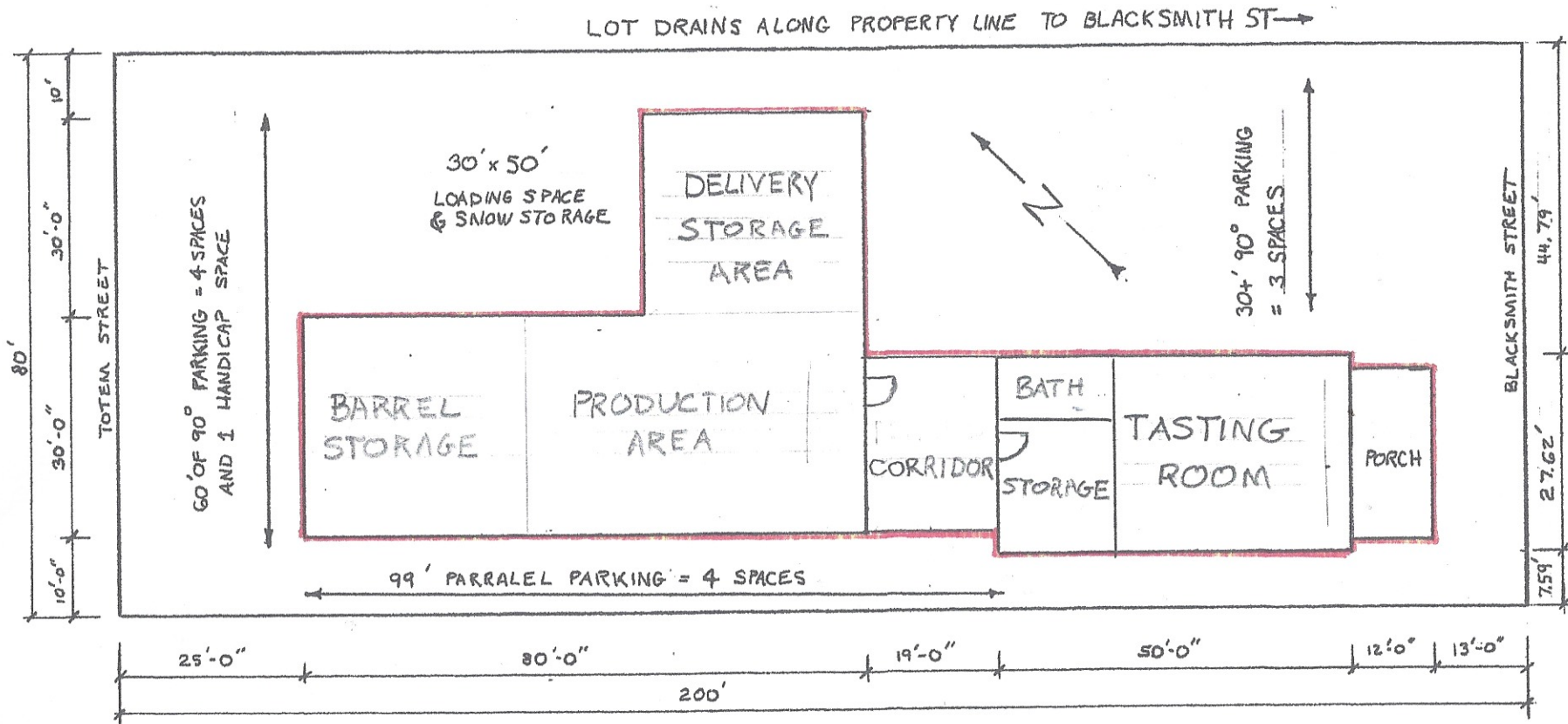
I have attached blueprints, CAD drawings, or other supporting documents in addition to, or in lieu of, the second page of this form.

Section 1 – Establishment Information

Enter information for the licensed establishment.

Licensee:	Port Chilkoot Distillery LLC	License Number:	5182		
License Type:	Distillery				
Doing Business As:	Port Chilkoot Distillery				
Premises Address:	34 Blacksmith St.				
City:	Haines	State:	AK	ZIP:	99827





DISTILLERY PLOT PLAN
SCALE $3/32" = 1'0"$

PORTCHILKOOT DISTILLERY
LOT 3AB BLOCK D PORTCHILKOOT SUBDV.
DRAWN BY SEAN COPELAND
POB1248 HAINES AK 99827



Alcohol and Marijuana Control Office
 550 W 7th Avenue, Suite 1600
 Anchorage, AK 99501
alcohol.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
 Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-14: Licensed Premises Diagram Change

Section 3 – Declarations and Approvals

As a liquor licensee, I declare under penalty of unsworn falsification that I have examined this form, including all attachments, and to the best of my knowledge and belief find the provided information to be true, correct, and complete.

Heather Shade
 Signature of licensee

Donna Lambert
 Notary Public in and for the State of Alaska.

Heather Shade, partner
 Printed name of licensee

My commission expires: 1-16-2022

Subscribed and sworn to before me this 10 day of April, 2018.

Notary Public
 DONNA M. LAMBERT
 State of Alaska
 My Commission Expires Jan 16, 2022

Local Government Review (to be completed by an appropriate local government official):

The proposed changes shown on this form conform to all local restrictions and laws.

 Signature of local government official

 Date

 Printed name of local government official

 Title

AMCO Review:

Approved Disapproved

James Hoelscher
 Signature of AMCO Enforcement Supervisor

 Signature of Director

James Hoelscher 5-25-18
 Printed name of AMCO Enforcement Supervisor

 Printed name of Director

 Date

AMCO Comments:

This proposed area would not be in compliance with 3 AAC 304.185 Licensed Premises

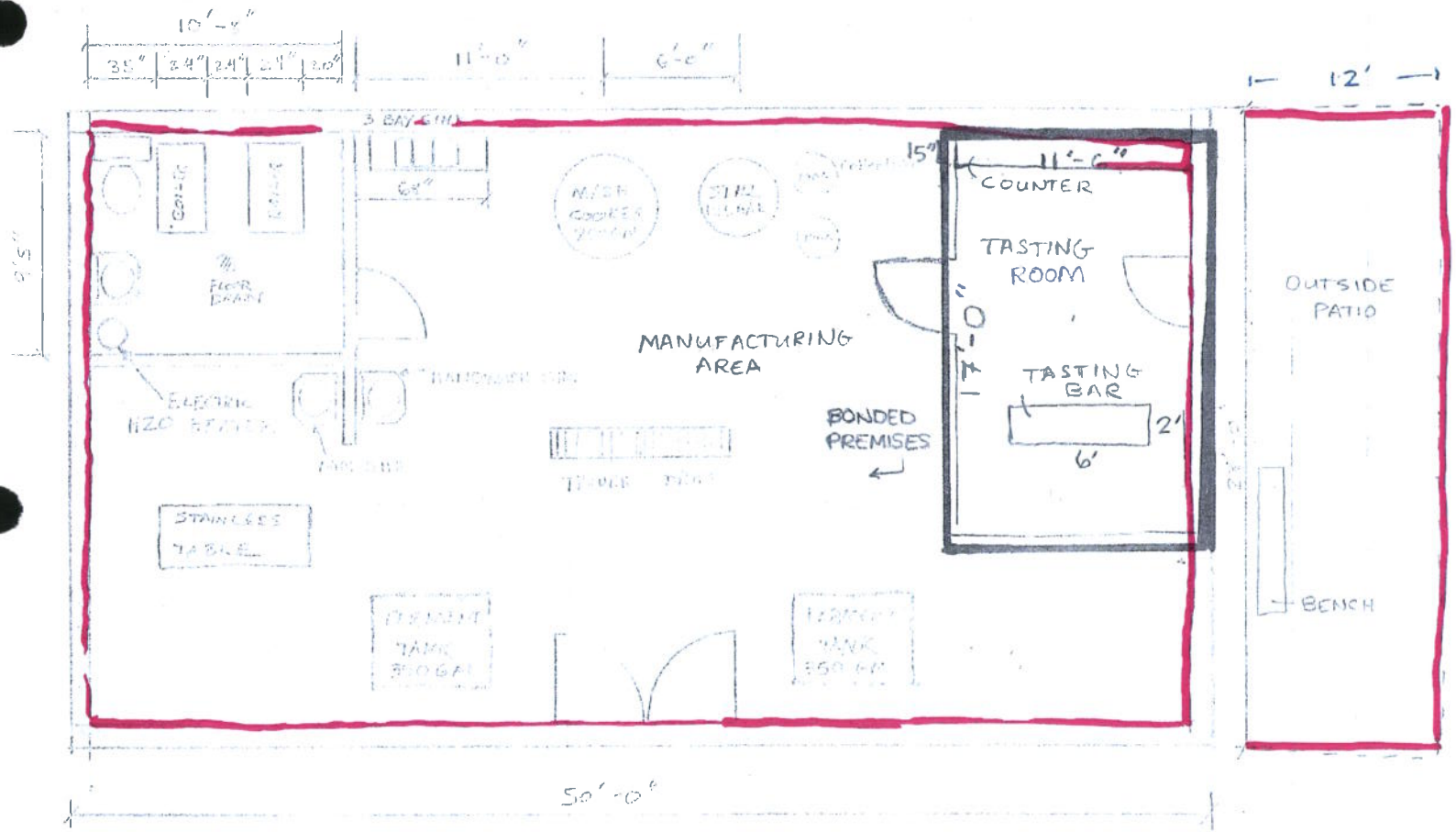


Current approved diagram

LICENSED PREMISES DIAGRAM

2015

PORTCHILFOOT DISTILLERY
34 BLACKSMITH ST.
HAINES, AK 99827
Length + width in feet = 28' x 62'



PORTCHILFOOT DISTILLERY
34 BLACKSMITH ST. HAINES, AK 99827