



To: Honorable Mayor and Members of Town Council
Dave Corliss, Town Manager

From: Frank Gray, Executive Director, Castle Rock Economic Development Council

Title: **Discussion/Direction: Distance Restrictions for Liquor Sales in Commercial and Industrial Zoning**

Executive Summary

Town staff and the Economic Development Council (EDC) staff are seeking direction from Town Council regarding existing property rights and the unintended consequences of schools (and churches with schools) locating in commercially zoned areas. The Town Code currently defaults to the state's 500-foot distance restriction between liquor licensed premises and schools.

Discussion

Over the last several years, the significant increase in real estate costs across the front range and Castle Rock has brought with it an increasing diversification of tenants that are being driven into non-traditional zoning. This blend of tenants has created unintended consequences infringing on the rights of property owners in downtown and commercially zoned districts. Our industrial and business districts are now home to residents, artisan restaurants, tech companies, workout facilities, breweries, churches, charter schools, and manufacturers just to name a few.

This blend of tenants is a product of a couple of factors. The first being that, following the recession, Castle Rock experienced extremely low vacancy rates and the availability limited traditional site selection. The second factor is the revitalization of our Downtown that encourages mixed-use projects blending residents, office and dining options together. Generally speaking, this is all very positive, vacancy rates are down, rental rates are up, and businesses are reporting that revenues are up. However, the blending of all these uses becomes problematic when schools and churches with schools, locate in commercially zoned properties as they bring with them their protections of a 500-foot distance restriction from restaurants and other establishments (breweries, tasting rooms, etc.) that require a liquor license, unintendedly infringing on the property rights of the surrounding commercial business owners.

In the absence of the local liquor licensing authority taking a position, Colorado law requires a 500-foot distance restriction between liquor licensed establishments and all

schools, or churches with schools. This includes restaurants, breweries, tasting rooms, etc. While this makes sense when schools establish a presence in traditional residential zoned areas, it creates unintended consequences and challenges property rights when it occurs in a commercial or industrial zoned district. For example, if Property Owner A experiences a vacancy and chooses to lease a building or tenant space to a registered or licensed school, they unilaterally create a barrier for all other privately-owned buildings within 500 feet to lease to a business that requires a liquor license to operate. This reduces reletting options for the remaining property owners and eliminates food service establishments, which many in the business consider to be the highest and best tenant.

Successful downtowns have a unique blend of businesses, residences and food service establishments that include a liquor license. This issue is compounded in the Downtown Overlay District where location of a school, or church with a school, could significantly impact the expansion of food service establishments. As an example, a church use is preparing to occupy the vacant Steele Tire building on the southwest corner of Perry Street and South Street. Location of the church and school at that location prohibits the opportunity for food service establishments with liquor licenses or a local brewery or wine bar to locate in the downtown district south of Town Hall and just north of Plum Creek Boulevard.

It's important to note, this is not a challenge that is exclusive to Castle Rock. Many communities in the Front Range have begun to address this issue. Examples of this can be found in Parker and Denver of which both have adopted similar ordinances to the one being requested. This is not to say that schools are being discouraged from establishing a presence in commercially zoned districts, only that if they do choose to locate in those areas that they understand they are not afforded the same 500-foot distance restriction protections. The Denver ordinance specifically mentioned "that to effectively support sustainable urbanization it's important to offer the right mix of residence, dining and schools."

The Castle Rock Economic Partnership (Castle Rock Chamber of Commerce, Castle Rock EDC, Castle Rock Downtown Alliance and the Town of Castle Rock) have discussed and debated this issue extensively and are seeking Town Council direction to consider eliminating the distance restrictions between liquor licensed establishments and schools (churches with schools) within all commercial and industrial zone-districts. The distancing limitation from liquor establishments would remain in effect for all residential districts. We believe this strikes the right balance in our community between the property rights of commercial land owners and what is ultimately the safety of our schools.

Facts to Consider:

Charter Schools:

- Charter Law 1993
- Colorado is 9th in states with the most Charter Schools
- 5% annual growth

Breweries:

- Colorado is 2nd in states with the most Breweries
- The industry employees 22,000 with an average wage of \$47,587 (2016)
- Has an economic impact of \$3,037,487,000 (2016)

Recommendation:

Staff is seeking Council direction whether or not to amend the Town Code to remove the 500-foot distance restriction between businesses with liquor licenses and schools, or churches with schools, in commercial and industrial zones. The current 500-foot distance restriction would remain in all residential districts.

Staff recommends that Council direct staff to conduct research and bring back an ordinance for Council consideration removing the distance restriction between businesses with liquor licenses and schools, or churches with schools, in commercial and industrial zone districts.