

DISTRICT OF COLUMBIA
+ + + + +
ALCOHOLIC BEVERAGE CONTROL BOARD
+ + + + +
MEETING

IN THE MATTER OF: :

:

Atlas Half Street, LLC, :

t/a Atlas Brew Works :

1201 Half Street SE :

Retailer Manufacturer A :

(Winery) and Manufacturer: Fact Finding

B (Brewery) - ANC 6D : Hearing

License No. 116137 and :

116079 :

:

(Review of Business Plan :

to Co-Locate a Class A :

and a Class B :

Manufacturer) :

Wednesday
February 5, 2020

The Alcoholic Beverage Control Board
met in the Alcoholic Beverage Control Hearing
Room, Reeves Building, 2000 14th Street, N.W.,
Suite 400S, Washington, D.C. 20009, Chairperson
Donovan W. Anderson, presiding.

PRESENT:

DONOVAN W. ANDERSON, Chairperson

BOBBY CATO, JR., Member

RAFI ALIYA CROCKETT, Member

JAMES SHORT, JR., Member

ALSO PRESENT:

JUSTIN COX, APPLICANT

1 P-R-O-C-E-E-D-I-N-G-S

2 10:16 a.m.

3 CHAIRPERSON ANDERSON: All right. The
4 next case in our calendar, it is a fact-finding
5 hearing regarding Atlas Brew Works, License
6 Number 116137 and 116079. Would the parties
7 please approach and identify themselves for the
8 record, please.

9 MR. COX: I am Justin Cox with Atlas
10 Brew Works.

11 CHAIRPERSON ANDERSON: All right.
12 Good morning, Mr. Cox. This is a -- maybe you
13 can -- the Board decided to have a fact-finding
14 hearing because we're not -- I'll say, I'm not
15 clear, so maybe you can explain to us what it is
16 that you're trying to do, sir.

17 MR. COX: Yes, I mean, simply, we're
18 -- the location is on Half Street, SE, and our
19 desire is to both brew beer and produce wine and
20 cider on that premise.

21 CHAIRPERSON ANDERSON: Now, on which
22 one of the premises, on the Half Street location?

23 MR. COX: On the Half Street location,
24 yes.

25 CHAIRPERSON ANDERSON: I don't

1 understand your business, so what is it that you
2 have? You have two licenses and are they at the
3 same location or a different location?

4 MR. COX: The two that we've applied
5 for are the same location.

6 CHAIRPERSON ANDERSON: All right. So
7 you've applied for a manufacturer A, winery, and
8 a manufacturer B, brewery?

9 MR. COX: Correct.

10 CHAIRPERSON ANDERSON: All right. So
11 tell me about this concept. What is it that
12 you're trying to do?

13 MR. COX: So I mean, simply, just that
14 we want to produce both beer and wine in the same
15 premise. So we have, I mean, our equipment that
16 we use to brew beer is able to produce wine and
17 ciders as well, which, cider is considered a wine
18 in the regulatory sense.

19 So we're applying for both licenses to
20 be able to both produce beer and produce wine and
21 cider.

22 CHAIRPERSON ANDERSON: Now, you're
23 aware that they are different requirements for a
24 Class A and a Class B license.

25 MR. COX: Yes.

1 CHAIRPERSON ANDERSON: And so what are
2 your plans for keeping separate books and records
3 for a Class A and a Class B manufacturer's
4 license?

5 MR. COX: So I mean, just exactly
6 that, to keep them separate. We have an online -
7 - or our brewery management software, we will
8 have a second instance of that software that
9 handles the wine and cider portion, because we
10 have to do separate reporting for the Federal
11 Government as well, and I submitted some
12 documentation ahead of the hearing of our
13 approvals from the Federal Government for both
14 the brewery and the winery.

15 So we already have that requirement on
16 another level, so we'll be doing the same for the
17 District level.

18 CHAIRPERSON ANDERSON: All right. So
19 how do you go about ordering alcohol? So how
20 would you, because you have an -- so explain that
21 process of how would you order alcohol, so
22 whether or not you're going to order from
23 wholesalers for private events, or will you be
24 ordered -- or will they -- or will you do your
25 orders under one license?

1 MR. COX: So if we're --

2 CHAIRPERSON ANDERSON: If we were to
3 grant the license.

4 MR. COX: Right. I mean, so we will
5 not be serving outside alcohol at the location,
6 except for in the case of a private event, and I
7 guess that's a good question to talk with you all
8 or with ABRA about, with the dual license, for
9 which license we would purchase the outside
10 alcohol under.

11 That's not a very large part of our
12 business model, it's a little ancillary, so
13 honestly, I have not thought about which license
14 it would go under, but obviously happy to, you
15 know, put it under whichever license makes sense
16 for ABRA and the investigators to make sure we
17 have the paperwork where it is. I'd probably
18 need some guidance on that.

19 CHAIRPERSON ANDERSON: I don't believe
20 that you can -- because I believe you'd have to
21 order, if you're having a private event, then
22 you'd have to order alcohol from wholesaler.

23 MR. COX: Right.

24 CHAIRPERSON ANDERSON: And I think
25 that we need to provide -- so you're saying that

1 you're looking to us for guidance, what it is
2 that you need to do.

3 MR. COX: Yes, I think so. As you
4 said, with the two licenses, I haven't thought
5 about that, we have a manufacturer's license for
6 a location in Ivy City already, and when we order
7 alcohol through wholesalers for -- or when you
8 order alcohol for private events, we do it
9 through wholesalers and we, you know, obviously
10 do it under our manufacturer's license in that
11 location.

12 If they were granted in Half Street,
13 you said we'd have two license, and so for which
14 of those we order under, yes, I think I would
15 need guidance from you all of what's preferential
16 to make sure that the paperwork is in order for
17 your investigators.

18 CHAIRPERSON ANDERSON: Now, so what
19 products will you be making with the winery
20 license?

21 MR. COX: We will make a cider and
22 we'd like to make a red and a white wine.

23 CHAIRPERSON ANDERSON: And so where
24 will you be getting your ciders and grapes from?

25 MR. COX: I mean, suppliers. You

1 know, the sourcing of apple juice to make cider,
2 which is the base ingredient, it's just, take
3 apple juice and then add yeast to it, we will be
4 sourcing that.

5 I've been looking at some places and
6 some orchards in Virginia, and also in Washington
7 State, and then for grapes, it's sort of a
8 similar thing. We've not really gotten far
9 enough down the path of sourcing the juice for
10 the wine, because that component is a little bit
11 more important for the end flavor of the product,
12 rather than in cider, the apple juice is a little
13 bit more fungible, I guess.

14 CHAIRPERSON ANDERSON: Now, do you
15 intend to transport beer manufactured from your
16 West Virginia location to the new location or
17 vice versa?

18 MR. COX: We do.

19 CHAIRPERSON ANDERSON: So if you're
20 going to do that, how much do you believe of the
21 beer sold at the new location is being brewed at
22 the new location?

23 MR. COX: I mean, obviously, I'm
24 estimating, because we've, you know, not opened
25 and seen what demand is, but I assume that -- we

1 have the capacity at Half Street to brew what I
2 expect to be about 75 to 80 percent of the beer
3 that we'll need at that location.

4 CHAIRPERSON ANDERSON: And the rest of
5 it, you'll --

6 MR. COX: And the rest, correct, would
7 come from our Ivy City location.

8 CHAIRPERSON ANDERSON: And I believe
9 that we probably need to provide you some
10 guidance on what's acceptable. I don't know, but
11 I believe that's something that needs to be
12 further explored within -- with the Licensing
13 Division.

14 Now, let me say this to you, are you
15 aware that wine or cider produced at the new
16 location cannot be transported to your brewery on
17 West Virginia Avenue?

18 MR. COX: Yes.

19 CHAIRPERSON ANDERSON: And how will
20 you -- what assurances are you going to give the
21 agency that you're not going to do that?

22 MR. COX: I mean, our assurance that
23 we're going to be following the rules and
24 regulations. I understand. I mean, this would
25 obviously be a different licensing scheme at the

1 Half Street location than we have at Ivy City,
2 and understand that we need to make sure that
3 we're staying within the, you know, proper
4 activities for each of those different licensing
5 schemes.

6 CHAIRPERSON ANDERSON: I guess, just
7 generally, I mean, why is it that you guys want
8 to have both licenses in one location. Just
9 general, why is it that you want to have both an
10 A and a B in the same location?

11 MR. COX: Well, simply, because we
12 want to be able to produce and sell beer, and
13 produce and sell wine and cider, so without --
14 obviously, if we just have the manufacturer's
15 Class B license, we would only be able to brew
16 beer, but we want to be able to produce and sell
17 wine and cider as well.

18 So it's a new product line for us that
19 we're exploring with this, and also, I think it
20 would be a good thing for our customers on Half
21 Street.

22 CHAIRPERSON ANDERSON: So your
23 business model, your -- is it that you have that
24 much business that you'll be able -- that you
25 believe that it's feasible that you'll be able to

1 produce products at your West Virginia location
2 and also on the Half Street location?

3 The reason I'm asking, because I'm
4 asking the question in the sense that, you could
5 decide that -- do you brew currently? What do
6 you brew on West Virginia Avenue?

7 MR. COX: Just beer.

8 CHAIRPERSON ANDERSON: Just beer?

9 MR. COX: Yes.

10 CHAIRPERSON ANDERSON: Are you going
11 to sell cider or wine on West Virginia?

12 MR. COX: No.

13 CHAIRPERSON ANDERSON: Any other
14 questions by any Board --

15 MEMBER SHORT: I just had one.

16 CHAIRPERSON ANDERSON: Go ahead, Mr.
17 Short.

18 MEMBER SHORT: Good morning, sir.

19 MR. COX: Good morning.

20 MEMBER SHORT: I guess what I'd like
21 to explain, you'll be selling the beer and wine
22 on SW premise, correct?

23 MR. COX: SE, yes.

24 MEMBER SHORT: SE, forgive me. And
25 can you just give me the business model? I mean,

1 how is the place setup, how is it -- how's the
2 seating, how is it -- is it going to be, like, a
3 tavern, a bar, or?

4 MR. COX: I guess in appearance, we'll
5 have, you know, when you walk in, we have two
6 bars, we have, kind of, a main bar in the middle,
7 and then one to the side, and we have a kitchen
8 as well, so we'll be serving food, all the
9 alcohol that we'll be selling there will be
10 alcohol that we produce, whether it's beer that
11 we produce onsite, and SE, the wine or cider that
12 we produce onsite in SE, or beer that we have
13 produced at our location in Ivy City on West
14 Virginia Avenue.

15 So I think from the consumer
16 standpoint, the difference will be that there
17 will be no outside alcohol. We won't have any
18 liquor and we won't have any outside wine or
19 beers, we'll only --

20 MEMBER SHORT: Only your products that
21 you produce.

22 MR. COX: Correct. Yes. And so
23 that's exactly that.

24 MEMBER SHORT: Volume, how much do you
25 think you'll be producing?

1 MR. COX: Beer-wise, I'm estimating
2 we'll be doing, I hope to do, about 1100 barrels
3 per year. It's ambitious. I know.

4 MEMBER SHORT: And the other product?
5 Cider.

6 MR. COX: The wine and the cider,
7 honestly, I don't -- we've never sold wine or
8 cider before, and so I don't have an idea of what
9 that pull through is going to be, but we'll be
10 producing them in batches.

11 It's the same equipment that we're
12 producing our beer on and so the, gallon-wise,
13 we'll be looking at probably doing -- starting
14 the cider with a half batch, which will be about
15 10 barrels or so, and see how that goes, and
16 probably the same with the wine.

17 MEMBER SHORT: And my last question,
18 the capacity of -- how many seats or seating will
19 you have in that location, SE?

20 MR. COX: I believe the applied for
21 capacity is about 175.

22 MEMBER SHORT: All interior?

23 MR. COX: Yes.

24 MEMBER SHORT: Okay. Thank you.
25 That's all I have, Mr. Chair.

1 CHAIRPERSON ANDERSON: This is a first
2 impression, in the sense that, this is the first
3 time that we've been asked to have an A and a B
4 in the same location. And I'm not sure what
5 we're going to do.

6 In a sense that, the implications and
7 we need to make sure that you comply with the
8 law, and so I don't know what the Board's --

9 MR. COX: And of course, and I've
10 spoken to ABRA staff, kind of, throughout the
11 planning of this, about what's possible, and
12 what's legal, and what's not, and it seems, I
13 guess, with the -- I don't remember exactly which
14 bill it was, maybe the omnibus in 2018, allowed
15 manufacturers to hold multiple licenses of
16 different classes, and so I mean, that was, you
17 know, passed into law.

18 And I understand what you're saying on
19 the, kind of, logistics of having them co-located
20 at one location, but I'm happy to work with you
21 all, and with ABRA, and everybody, to make sure
22 that we have whatever records, and paperwork, and
23 our business model is complying with all the
24 rules and regulations out there.

25 We want to be in compliance and are

1 happy to be open and help with you all to make
2 sure that we're doing that.

3 CHAIRPERSON ANDERSON: All right.
4 Okay. We'll take this under advisement in the
5 sense of we'll discuss it and provide whatever
6 directions to the Licensing Division, who will
7 let you know what the next step is.

8 MR. COX: Okay.

9 CHAIRPERSON ANDERSON: Thank you.

10 MR. COX: Thank you very much.

11 CHAIRPERSON ANDERSON: Have a great
12 day.

13 (Whereupon, the hearing in the above-
14 entitled matter was concluded at 10:29 a.m.)

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C E R T I F I C A T E

This is to certify that the foregoing transcript

In the matter of: Atlas Brew Works

Before: DCABRA

Date: 02-05-20

Place: Washington, DC

was duly recorded and accurately transcribed under
my direction; further, that said transcript is a
true and accurate record of the proceedings.



Court Reporter

NEAL R. GROSS

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