



Castle Danger Brewery: Lessons Learned for Others

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INTRODUCTION

A Transformation



3 Barrel System
2 "Employees"
Castle Danger Resort



15,000 Barrels/Yr
65 Employees
#8 Brewery in MN

THE SITE

- Vacant Lot in Downtown Two Harbors
- Former YMCA Building - Innocuous
- Self-Financed with NO DUE DILIGENCE

LESSON #1
BEER MAKERS MAY NOT BE
SAVVY DEVELOPERS

THE CONTAMINATION

- Financing Required Due Diligence
- Asbestos from YMCA Building Debris
- Metals from Imported Fill Material
- Fall Construction for Spring Opening

LESSON #2
ENVIRONMENTAL ISSUES NOT ALWAYS OBVIOUS

INITIAL CONSTRUCTION

- Excavator for building footprint was already hired
- Asbestos & Metals = HAZWOPER & Asbestos Certifications
- City Contractor on Project Across the Street
- Phase II to 300 yards of Material Gone – THREE WEEKS!

LESSON #3
TEAMWORK!

INITIAL RESULTS

- 30-Barrel System making 5,000 Barrels/Year
- 20 Employees
- DEMAND GREATLY EXCEEDED SUPPLY!

LESSON #4

PLANNING FOR FUTURE SUCCESS!

EXPANSION – ADJACENT PROPERTY

- Appropriate Due Diligence & Liability Letters
- Similar Results and Cleanup Needed
- DEED CLEANUP FUNDING of \$100K!

LESSON #5
DEED MONEY BUYS HAPPINESS

COMPLETED PROJECT

- 15,000 Barrels/year
- 65 Current Employees (planning for 100+)
- #8 Brewery in Minnesota (and rising)

**FINAL LESSON:
NEIGHBORHOOD IMPACT**

NEIGHBORHOOD IMPACT

- 1,500 DOWNTOWN Visitors/Week
- They sell BEER Not Food = DELIVERIES!
- City Comprehensive Plan

MAYOR OF TWO HARBORS

“Castle Danger Brewery is now SYNONOMOUS with the City of Two Harbors. They have had a huge impact on our community – we are so excited to see them succeed!”

SUMMARY

- **BEER MAKERS MAY NOT BE SAVVY DEVELOPERS**
- **ENVIRONMENTAL ISSUES NOT ALWAYS OBVIOUS**
- **TEAMWORK!**
- **PLANNING FOR FUTURE SUCCESS!**
- **DEED MONEY BUYS HAPPINESS**
- **NEIGHBORHOOD IMPACT**