

# PITTSBURGH TRIBUNE-REVIEW

## Brewer slowly coming back

By Joe Napsha

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Wednesday, February 1, 2012

Three years ago, Zack Mazzoni was one of a handful of employees still working at City Brewing Co.'s brewery in Latrobe, where the future looked grim.

The La Crosse, Wisc.-based company's brewery in Westmoreland County lost its only product when Boston Beer Co. transferred production of Samuel Adams beer in November 2008 to its own brewery near Allentown. The loss of the big contract resulted in the layoff of 70 workers.

"I walked around and wondered, 'How could somebody not want to brew here.' There's not a lot of breweries of this size, and the ones that are, are older," recalled Mazzoni, the plant controller, whose grandfather and great-grandfather worked at the brewery that was famous for producing Rolling Rock beer for 67 years until 2006.

Today, the Latrobe brewery is bustling with activity -- 160 employees producing enough beer along with sister breweries in La Crosse and Memphis -- to make City Brewing the nation's largest contract brewer that does not bottle its own beer, said Paul Gatza, director of the Brewers Association, a trade group in Boulder, Colo.

"No one else makes more than one million barrels," like City Brewing does at its three plants, Gatza said.

Miller Brewing Co. produces six million barrels as a contract brewer making Pabst Blue Ribbon and the Miller beer brands it owns and produces, Gatza said.

City Brewing in Latrobe is even busier now -- having recently added to its stable of contract products that includes Iron City, IC Light, Stoney's and Duquesne beer.

Founding Fathers Brewing Co. of Minneapolis, with a lager and light beer, started production at the plant in November with a 500-barrel production run and completed its third run on Tuesday.

For now, the Founding Fathers brand is being distributed only in the Minneapolis area, but it has plans to sell in Pennsylvania and a dozen other states by the end of the year, said Phil Knutsen, CEO and founder of Founding Fathers Products Inc., parent of Founding Fathers Brewing.

"We are looking at the Pittsburgh market. I think it will be the perfect fit," said

Knutsen, who has had discussions with beer distributors in the state.

Knutsen considers Founding Fathers a mainstream lager, which will compete with the well-established Budweiser brands. "I want to compete with Bud as a domestic premium beer," he said.

Knutsen said he selected City Brewing to produce his beer because of its brewing capacity and experience.

To help marketing, Knutsen has pledged to donate 50 percent of the profits from Founding Fathers beers to organizations that support the military and its families. He promised to do that in each of the states where Founding Fathers is sold.

"I'm not paying \$3 million for a Super Bowl ad," Knutsen said, referring to what national brewers pay for advertising and promotion.

City Brewing's Mazzoni declined to comment on other alcoholic and non-alcoholic beverages produced in Latrobe, but the plant has capacity for additional beverages, he said.

The brewery produced more than 1 million barrels of Rolling Rock beer before Anheuser-Busch Co. acquired Latrobe Brewing Co. in July 2006. In 2007, officials of City Brewing, which acquired the plant, said they wanted to boost its capacity to two million barrels.

City Brewing says it is the fourth largest brewer in the United States, with the capability to brew more than 10 million barrels a year at its three plants.

City Brewing CEO George Parke III could not be reached for comment.

"I think that City Brewing has figured out this business model and made it successful," said Benj Steinmann, editor of Beer Marketer's Insights Inc., a trade publication in Suffern, N.Y. "It's kind of the master of this niche," in the brewing market, he said.

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