



A Tradition of Stewardship
A Commitment to Service

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NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: David Morrison - Director
Planning, Building and Environmental Services

REPORT BY: David Morrison, Director, Planning, Building & Environmental Servi - (707) 253-4805

SUBJECT: Workshop on the Process to Review the Winery Definition Ordinance

RECOMMENDATION

Director of Planning, Building and Environmental Services requests discussion and possible direction on a process to review the Winery Definition Ordinance.

EXECUTIVE SUMMARY

The May 20, 2014, joint meeting of the Board of Supervisors and Planning Commission, considered four items: noticing procedures, the Environmental Impact Report process; status of the Climate Action Plan; and winery visitation, marketing, and cumulative growth impact analysis. Regarding the latter item, staff indicated that it would return in approximately six months to report back on its findings concerning winery tourism and cumulative impacts, at the next regular joint meeting of the Board of Supervisors and Planning Commission.

Staff believes that the report back to the Board of Supervisors and Planning Commission would be more effective if it was done in the context of a community forum. Since May, the level of interest in winery projects has continued to increase. There have been four appeals of Planning Commission decisions regarding wineries (one has since been withdrawn), talks of litigation against the County, and staff anticipates additional controversies in the months to come. A community forum would provide an opportunity for the public to hear facts regarding the history and current state of the wine industry, as well as information on cumulative effects and the future of the valley. The forum would also allow various groups to discuss which issues need to be addressed at this time, either through regulatory change or other public and private efforts.

Staff also recommends that at a future meeting, the Board of Supervisors appoint an ad hoc committee including broad representation, including representatives from wine industry trade associations, chambers of commerce, community organizations, environmental groups, and local agencies. This committee would take existing

information (as supplemented by research requested of staff) as the basis for developing recommendations regarding regulatory and other programs needed to address the issues identified in the forum.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Sections 15262 and 15306, CEQA does not apply to feasibility or planning studies for possible future actions which the agency has not approved, adopted or funded. Nor does CEQA apply to data collection, research, and resource evaluation activities, either for information gathering or as part of a study leading to an action which an agency has not yet approved, adopted, or funded. As the proposed review process is designed solely to gather information and study issues, CEQA does not apply.

BACKGROUND AND DISCUSSION

In recent months, there has been a great deal of discussion between the Planning Commission, staff, and the public regarding the effects of the ordinance amendments and interpretive guidance for the Winery Definition Ordinance that was adopted by the Board of Supervisors on May 11, 2010. Concern has been expressed that by allowing greater flexibility for marketing activities at wineries, there has been a substantial growth in winery applications that focus more on direct-to-consumer sales than the growing and processing of wine grapes and agriculture. Members of the public have also become increasingly concerned about the impacts of this growth, in areas such as traffic, water availability, scenic vistas, and other quality of life issues. Some have questioned whether the degree of direct-to-consumer wine marketing was contemplated in the 2008 General Plan or when the Winery Definition Ordinance (WDO) was adopted nearly 25 years ago.

The May 20, 2014, joint meeting of the Board of Supervisors and Planning Commission, considered these issues and directed staff to return in approximately six months to report back on its findings concerning winery tourism and cumulative impacts, at the next regular joint meeting of the Board of Supervisors and Planning Commission in October.

At the July 16, 2014, meeting of the Napa County Planning Commission, a request was made regarding various aspects of the Wine Definition Ordinance (WDO), the impacts of the WDO as currently drafted, as well as its implementation. Specifically, staff was requested to analyze the following:

1. Compare permitted production capacity (in gallons) to current wine grape production capacity;
2. Compare permitted and planned winery visitation and marketing with the assumptions used in the General Plan Environmental Impact Report;
3. Provide an analysis of visitation and marketing for use in the future, based on factors such as acreage, amount of gallons, and number of visitors;
4. Provide the cumulative traffic analysis from the General Plan EIR and the status of the NVTPA traffic study; and
5. Provide water and wastewater usage in the context of the Groundwater Resources Advisory Committee (GRAC) recommendations.

Staff was also requested to hold a future discussion with the Planning Commission regarding a range of topics including:

1. Staff's interpretation of wineries' proposed ratio of area devoted to hospitality as a percentage of area dedicated to production, specifically as it relates to the inclusion of unenclosed spaces, in order to define a more consistent administrative standard;
2. The appropriate metric to measure hospitality as an ancillary use to production within the WDO (e.g., area, activity);
3. The appropriateness of permitting the use of winery rooftops for hospitality purposes;
4. The display of public art in the Agricultural Preserve and its relation to the Sign Ordinance;
5. Assessment of the validity of Napa County's Stage 1 water analysis; and
6. Prohibiting projects from trucking in water should on-site water sources prove inadequate.

Staff has reviewed the applications considered by the Planning Commission since the WDO interpretive guidance was adopted in May of 2010. Over the past 4 plus years, the Commission has held 92 hearings, where they have approved 79 winery applications. Of those 79 applications, 31 were for new wineries, with 48 modifications to existing wineries. It is true that the pace of winery applications has increased recently. For the first three years following adoption of the interpretive guidance, applications were approved at the rate of about 15 per year. In 2013 and 2014, the Commission has been approving winery applications at the rate of 23 per year. This is consistent with the general increase in local business activity as the regional economy recovers from the recession.

It is also true that approved visitation rates have been increasing. In the year-and-a-half prior to the adoption of the interpretive guidance, the Commission approved 17 winery applications, averaging 149 visitors per week. Since May, 2010, the Commission has approved 65 requests for visitation, averaging 387 per week. However, it should be noted that a few applications were for very large visitation requests, which skewed the overall average. Of those 65 visitation requests approved by the Commission, 77 percent were for visitation rates of 400 per week or less.

A similar story is seen in other metrics. Since May of 2010, the Commission has approved 52 requests to change production, totalling 6.6 million gallons. Once again, 3.7 million gallons of that total was requested by one winery. Of the 52 applications to change production, 77 percent were requests for under 100,000 gallons. With regards to marketing, the Commission approved 63 applications that involved a change to the number and attendance for special marketing events. Of those 63 requests, 79 percent were for events totalling less than 200 visitors per month.

As a result of this information, it appears that both the number and intensity of wineries has been increasing in the past two years. It should be noted, though, that the very high levels of production, visitation, and marketing that has generated concern among some in the public only accounts for perhaps 20 percent of recent applications. Consequently, the rate of winery growth does not appear to be uncontrolled or pervasive. However, there are no standards currently in place to ensure that marketing and visitation requests don't become larger and more frequent in the future. Staff believes that by holding a community forum on these issues and appointing an ad hoc subcommittee to develop recommendations for amending the WDO, safeguards can be enacted to appropriately regulate direct-to-consumer marketing activities in a way that preserves the quality of life in Napa while allowing for continued development and innovation in the winery industry.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan