



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/8/2015
Agenda Placement: 9D
Set Time: 9:30 AM
Estimated Report Time: 2 Hours

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: Planning Commission Recommendations Regarding Agricultural Protection

RECOMMENDATION

Director of Planning, Building, and Environmental Services requests discussion and possible direction regarding the recommendations being forwarded by the Planning Commission from the Agricultural Protection Advisory Committee (APAC) to improve existing land use policies, codes, and practices.

EXECUTIVE SUMMARY

This meeting is intended to provide the Board with an opportunity to hear and consider recommendations made by the Planning Commission to improve agricultural protection, based on guidance provided by the APAC. These recommendations are the result of nine months of work by the two groups, and are the direct outcome of direction provided by the Board of Supervisors at their March 10, 2015, Special Meeting on the cumulative impacts of development on the Napa Valley. This will be the first time that the recommendations have been formally presented to the Board for consideration.

PROCEDURAL REQUIREMENTS

1. Staff presentation
2. Board questions of staff
4. Public comment
5. Board discussion and direction to staff

FISCAL IMPACT

Is there a Fiscal Impact? Yes

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| Is it currently budgeted? | Yes |
| Where is it budgeted? | Planning, Building and Environmental Services - General Plan (1000-17000-1700004) |
| Is it Mandatory or Discretionary? | Discretionary |
| Discretionary Justification: | The Board may choose to implement some or all of the recommendations resulting in General Plan amendments, new ordinances or policies to improve land use planning within the County. |
| Is the general fund affected? | Yes |
| Future fiscal impact: | Depending on the extent of recommended changes, some work could extend into future fiscal years. Funding would be budgeted appropriately. |
| Consequences if not approved: | The Board may choose not to implement the recommendations by the Planning Commission. |
| Additional Information: | The development of ordinances, General Plan policies, staff coordination, and California Environmental Quality Act (CEQA) review to implement the proposed recommendations would result in staff costs. These efforts may require a reprioritization of other staff tasks, but would require limited costs other than staff time. Contracts to provide supplemental consultant services for revising the Circulation Element and preparing the Climate Action Plan have been accommodated through the existing budget process. These actions would be paid for by the General Plan fee. |

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and CEQA is not applicable. Also, it can be seen with certainty that there is no possibility the proposed action may have a significant effect on the environment and therefore CEQA is not applicable pursuant to the General Rule contained in the Guidelines For the Implementation of the California Environmental Quality Act, 14 CCR 15061(b)(3).

BACKGROUND AND DISCUSSION

BACKGROUND

The Certified Environmental Impact Report ("EIR") for the 2008 General Plan projected that between 2005 and 2030, the unincorporated area of the County would add 150 new wineries (the majority of which would be less than 50,000 gallons of production). The EIR also assumed that up to 12,500 acres of new vineyard would be approved during this time.

Napa County is 10 years (40 percent) into the 25-year timeline assumed in the General Plan EIR. This relatively short time period has seen an economic boom, the Great Recession, and a slow recovery. Previously, staff reported that the rate of winery growth was in keeping with the General Plan EIR forecast. Staff has since gone back and further researched this issue in more depth to ensure that the information is comprehensive and accurate.

Since January, 2006, a total of 86 new wineries have been approved to date. That is well above the 60 new wineries expected under the General Plan EIR by 2015. At this rate, the number of wineries will exceed their General Plan EIR projections in mid-2023. It should also be noted that there are 29 pending applications for new wineries currently on file with PBES.

With the rapid growth of the wine industry, there has been increasing concern raised regarding the rate, intensity, and location of development within the unincorporated area. In particular, there has been greater discussion of the potential impacts of these foreseen developments, both in terms of their effects on the environment as well as the quality of life in Napa County.

As a result of these concerns, the Board of Supervisors met with the Planning Commission on March 10, 2015, in a Special Joint Meeting on the Cumulative Impacts of New Development. The meeting was attended by approximately 450 members of the public. Over several hours of testimony and discussion, several issues of concern emerged, including:

- | Increase in wine production has outpaced local grape harvests;
- | Small wineries have increasingly expanded into hillside areas;
- | Wineries increasingly rely on direct-to-consumer marketing for sales;
- | Gap between wages and housing costs has increased commuting, contributing to congestion;
- | Hotel tax revenues are important to several local governments;
- | Wineries and tourism make up only 26% of valley employment;
- | Permitted production and visitation in the wine industry is concentrated in 50 wineries;
- | The 75% rule applies to only 20% of total permitted wine production; and
- | Under existing conditions, there is the potential for 4,500 new wineries and 89,000 acres of vineyards.

At the end of the Special Joint Meeting, the Board of Supervisors directed staff to take the following actions:

1. Complete the Climate Action Plan;
2. Revise the Circulation Element of the General Plan, including preparation of a draft traffic mitigation fee;
3. Work with the cities to discuss joint efforts to address regional land use issues; and
4. Establish an advisory committee to review County policies and regulations regarding winery development.

To implement the fourth recommendation, the Board of Supervisors appointed an Agricultural Protection Advisory Committee (APAC) on March 24, 2015. The APAC was made up of a broad cross-section of interests, including the wine industry, agriculture, businesses, cities, environmental organizations, neighborhood groups, and at-large members. The Committee was directed to address at a minimum the following issues:

- | Minimum parcel size for wineries;
- | Estate grape requirement;
- | Net loss of vineyards;
- | Percentage of hospitality employees at wineries;
- | Limiting variances;
- | Temporary events; and
- | Different development standards for AP and AW zones.

The APAC was to make its recommendations to the Planning Commission by September 2, 2015. In order to be forwarded, recommendations were required to receive at least two-thirds support of the committee. The APAC presented their final recommendations to the Planning Commission on September 10, 2015 (see Attachment A).

On September 15, 2015, staff requested that the Board of Supervisors provide direction to the Planning Commission regarding their consideration of the recommendations from the APAC. The Board provided the following directives to the Commission:

- | Develop draft policies that are supported by the specific action item recommendations;
- | Prioritize consideration of those recommendations that received unanimous or support by a supermajority of the APAC;
- | Forward recommendations to the Board of Supervisors as soon as possible, so that the Board can provide direction to staff to begin drafting implementation language; and
- | Focus on broad brushstrokes, instead of the details. The Board may have different priorities and direction, so it would not be an effective use of Commission time to extensively deliberate on items that have yet to receive Board support. Once the Board has provided the overall direction, the details can be developed.

The Planning Commission was directed by the Board to complete their review of the APAC recommendations by November 10, 2015. In addition to the issues assigned to the APAC for recommendation, the Planning Commission addressed several additional key policy concerns of interest:

- | Standards for use in evaluating proposed tasting room and marketing visitation proposals;
- | Including patios, rooftops, lawns and other outdoor hospitality areas when calculating accessory use space in wineries; and
- | Design review standards to address public art and winery architecture.

The Planning Commission completed its review and made their final recommendations on November 4, 2015 (see Attachment B).

The Board may add, delete, substitute, or modify the recommendations forwarded to them by the Planning Commission. Once direction has been provided, staff will draft the necessary ordinances and General Plan policies, and set in motion other actions as needed to implement the Board's direction. Public workshops will be held to review draft ordinances and policies, and staff will prepare the appropriate documents pursuant to the California Environmental Quality Act (CEQA). Hearings on any draft ordinances and policies will be held before the Planning Commission, before the recommendations are forwarded to the Board of Supervisors for additional public hearings and final action.

ISSUES

The recommendations from the Planning Commission were developed to respond to issues raised by the public regarding whether revisions to the Winery Definition Ordinance were needed to address both the tremendous success of Napa Valley and the significant changes that have occurred within the winery industry over the past 25 years. In general, the concerns that have been expressed to date can be summarized as follows:

1. The recent emphasis on marketing is replacing the County's traditional focus on the agricultural foundations of grape growing and wine making.
2. Rules regarding the wine industry are difficult to understand, and have been unevenly and inadequately enforced by the County.
3. The rate of winery and vineyard development is impacting the affordable housing supply, water availability, road capacity, and climate change to a greater extent than these systems can accommodate, which is affecting the quality of life for current residents.
4. There has been insufficient cumulative and real-time data available to understand the context when making decisions on individual development proposals.
5. Programs required in the 2008 General Plan have not yet been implemented.

In many ways, these issues reflect general concerns regarding the integrity of the County's planning process, both at the staff and the Planning Commission level. There is a concern that recommendations and decisions over the past several years have not faithfully upheld the intent of the WDO and of the General Plan, but there is also a concern that those frameworks are no longer adequate in meeting the rapidly evolving challenges of the Napa Valley in 2015.

Many of the concerns expressed are in part the result of an important shift that has occurred in the Napa Valley since 2011. The development of wineries has not been even over the past decade. There are clear differences between those winery permits that were approved in the first five years, from 2006 to 2010, and those approved in the last five years, from 2011 to 2015, as follows:

- | Until 2010, new wineries were being approved at an average of 11 per year. Since then, the rate has declined to an average of 5 new wineries per year.
- | The annual total of marketing visitors approved has decreased from over 50,000 annually in the years prior to 2010, to less than 20,000 per year in the five years since.
- | New annual permitted production has also gone down, from 836,000 gallons before 2010, to 563,000 gallons annually since 2011.
- | The number of major modifications approved has increased, from 8 annually before 2010, to an average of 11 each year thereafter.
- | Permitted tasting room visitation has significantly grown, going from an average total of 96,000 per year before 2010, to more than 220,000 approved per year on average since 2011.

In the last five years, Napa has been seeing a shift from new wineries with an emphasis on marketing, to existing wineries seeking to expand their tasting room visitation. Many of these existing wineries have been located in the hillside areas. The hills offer less expensive land, compared to the valley floor, and often offer the hidden ambiance and scenic vistas that are attractive to customers – qualities which are important to the success of direct-to-consumer business strategies. These properties are also located on dead-end country roads, with limited access to groundwater, in areas subject to erosion, and where view shed impacts are more pronounced. In addition, more intensive wine tasting activities which had been historically concentrated along the State Route 29 corridor between Oakville and St. Helena have spread to quiet rural neighborhoods that were not previously exposed to tourism. As a result of increased development in the hillside areas, questions have arisen regarding whether changes are needed in how the County regulates wineries.

As previously noted on March 10, 2015, the County has taken a number of actions in the past year to address these issues, including:

- | The Board has nearly doubled the size of Code Enforcement staff and has increased penalties for violators;
- | The Planning Commission directed staff to prepare draft guidelines to provide a consistent basis for comparing wineries based on production and other relevant factors and/or potential environmental impacts;
- | The Board approved a change to the County CEQA (California Environmental Quality Act) Guidelines, increasing the noticing requirements from 300 feet to 1,000 feet from the property line of the proposed project;
- | The Board approved a change to the County CEQA Guidelines requiring that environmental consultants be contracted to the County for the preparation of all development-related CEQA documents;
- | Staff implemented the updated Water Availability Analysis (WAA) to require more detailed studies of groundwater for projects located in hillside areas, particularly where there is the potential for off-site well impact;
- | Staff rewrote the Traffic Impact Study guidelines to ensure more comprehensive analysis and accuracy for consultant prepared traffic studies;

- | The Planning Commission directed staff to evaluate whether outdoor entertainment areas should be included in calculating the ratio between hospitality and production within a winery footprint;
- | Staff has stepped up enforcement of special events, weddings, and use permit compliance.
- | Consultants have been hired and work is well underway on the draft Climate Action Plan and the revised Circulation Element.
- | The APAC and Planning Commission have both completed their work and forwarded recommendations to the Board of Supervisors for consideration.

The recommendations developed by the APAC and forwarded by the Planning Commission are the basis for the remainder of this report.

RECOMMENDATIONS

Staff has provided an analysis of the Planning Commission's recommendations as they relate to the General Plan, to determine whether there is consistency with existing policy and where additional policies may be needed to support the recommendations (see Attachment C).

As a result of the policy analysis, staff believes that General Plan amendments are advised for several of the recommendations. Suggested policy language can be found in Attachment D.

Attachment E provides analysis as to how each recommendation could be implemented, as well as staff's comments regarding support and/or any potential concerns with the proposed recommendations.

SUPPORTING DOCUMENTS

- A . Attachment A - APAC Recommendations
- B . Attachment B - Planning Commission Recommendations
- C . Attachment C - General Plan Analysis of Commission Recommendations
- D . Attachment D - Suggested General Plan Policies
- E . Attachment E - Staff Analysis of Commission Recommendations

CEO Recommendation: Approve

Reviewed By: Helene Franchi