



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/4/2015
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Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission
FROM: David Morrison - Director
Planning, Building and Environmental Services
REPORT BY: David Morrison, Director, Planning, Building & Environmental Servi - (707) 253-4805
SUBJECT: Proposed Method for Evaluating Future Winery Visitation Proposals

RECOMMENDATION

PROPOSED METHOD FOR EVALUATING FUTURE WINERY VISITATION PROPOSALS

CEQA Status: Procedures by definition do not change the law, but provide for its implementation. Therefore 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).

Request: The Planning Commission has previously requested that staff provide a framework that would allow a more informed and detailed discussion of comparing applications for winery visitation.

Staff Recommendation: Take public comment on and provide direction regarding staff's proposal to create a common baseline of visitation that would apply to all future applications, while including adjustment factors to provide flexibility in recognizing the unique circumstances involved in each individual proposal and its setting.

Staff Contact: David Morrison, Director; (707) 253-4805; david.morrison@countyofnapa.org

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Accept staff presentation;
2. Take public comments;
3. Provide direction to staff regarding the proposed approach for evaluating visitation; and
4. Direct staff to bring any revisions to the approach back at a future date for further review.

Discussion:

Over the past year, the Planning Commission has worked to find the appropriate balance between the needs of small wineries that increasingly rely on direct-to-consumer marketing, and the policy goals of ensuring that activities such as marketing remain subordinate to the primary agricultural use. To date, they have relied on the policies and ordinances of Napa County in defining this balance.

However, the WDO guidelines as written are imprecise in that they do not provide any specific means for quantifying either remoteness or production, and/or do not indicate how these criteria relate to marketing and visitation proposals. The vague language does not provide clarity for staff in how to analyze projects for consistency with the guidelines. It also creates uncertainty for both the applicant and the public in giving any indication of what will be approved or denied. Finally, the guidelines do not provide any meaningful guidance to the Planning Commission in how to weigh these factors and come to a decision on what visitation and marketing programs are in the public interest.

Staff recommends a new approach that combines a common baseline of visitation that would apply to all future applications, while providing adjustment factors to providing flexibility in recognizing the unique circumstances involved in each individual proposal and its setting.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: Procedures by definition do not change the law, but provide for its implementation. Therefore 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

The following General Plan policies are relevant to this issue:

Policy AG/LU-1: Agriculture and related activities are the primary land uses in Napa County.

Policy AG/LU-2: "Agriculture" is defined as the raising of crops, trees, and livestock; the production and

processing of agricultural products; and related marketing, sales and other accessory uses. Agriculture also includes farm management businesses and farm worker housing.

AG/LU-13: ... All tours and tastings, retail sales, marketing activities, and non-commercial food service must be accessory to the principal use of the facility as an agricultural processing facility.

The following sections of the County Code are relevant to this issue:

18.08.020 - Accessory use.

"Accessory use" means any use subordinate to the main use and customarily a part thereof. An accessory use must be clearly incidental, related and subordinate to the main use, reasonably compatible with the other principal uses in the zoning district and with the intent of the zoning district, and cannot change the character of the main use. Unless provided otherwise in this title, accessory uses may be conducted in the primary structure or in structures other than the primary structure. Where the zoning regulations applicable to a zoning district specifically identify the accessory uses which are permitted in conjunction with a primary use in that zoning district, no other accessory uses in conjunction with the primary use will be permitted in that zoning district. Structures constituting an accessory use that are related to a winery are further limited to the extent provided by Section 18.104.200.

18.08.620 - Tours and tastings.

"Tours and tastings" means tours of the winery and/or tastings of wine, where such tours and tastings are limited to persons who have made unsolicited prior appointments for tours or tastings. Tours and tastings may include food and wine pairings, where all such food service is provided without charge except to the extent of cost recovery and is incidental to the tasting of wine. Food service may not involve menu options and meal service such that the winery functions as a café or restaurant.

18.08.370 - Marketing of wine.

"Marketing of wine" means any activity of a winery which is conducted at the winery on a prearranged basis for the education and development of customers and potential customers with respect to wine which can be sold at the winery on a retail basis pursuant to Chapters 18.16 and 18.20. Marketing of wine may include cultural and social events directly related to the education and development of customers and potential customers provided such events are clearly incidental, related and subordinate to the primary use of the winery. Marketing of wine may include food service, including food and wine pairings, where all such food service is provided without charge except to the extent of cost recovery.

Business events are similar to cultural and social events, in that they will only be considered as "marketing of wine" if they are directly related to the education and development of customers and potential customers of the winery and are part of a marketing plan approved as part of the winery's use permit. Marketing plans in their totality must remain "clearly incidental, related and subordinate to the primary operation of the winery as a production facility" (subsection (G)(5) of Sections 18.16.030 and subsection (I)(5) of 18.20.030). To be considered directly related to the education and development of customers or potential customers of the winery, business events must be conducted at no charge except to the extent of recovery of variable costs, and any business content unrelated to wine must be limited. Careful consideration shall be given to the intent of the event, the proportion of the business event's non-wine-related content, and the intensity of the overall marketing plan.

On May 11, 2010, the Board of Supervisors adopted Resolution No. 2010-48 by a 3-2 vote, establishing interpretive guidance on marketing activities for wineries. Section III of the guidelines states:

To ensure that the intensity of winery activities is appropriately scaled, the County considers the remoteness of the location and the amount of wine to be produced at a facility when reviewing use permit proposals, and endeavors to ensure a direct relationship between access constraints and on-site marketing and visitation programs.

The guidelines require the Commission to limit the amount of visitation proposed in a winery application based on two factors: (1) the remoteness and accessibility of a winery; and (2) the amount of wine production allowed. While each application must be considered on a case-by-case basis and decided on its unique merits and circumstances, the guidelines direct the Commission to “appropriately scale” the intensity of winery activities. This implies that winery proposals should be compared to other existing and proposed wineries within the context of the two factors mentioned above.

With regards to the first criterion of location, 258 wineries (58.4%) in the unincorporated area are located in the hillside areas bordering the valley, on AW (Agricultural Watershed) zoned land. There are 170 wineries (38.5%) located on the valley floor in AP (Agricultural Preserve) zoned land. The remaining 14 wineries (3.2%) are located in the AIASP (Airport Industrial Area Specific Plan). However, the hillsides only account for 17.8 percent of the total permitted production capacity. The valley floor has 40.9 percent of production capacity, with the remaining 41.3 percent located in the AIASP. Similarly, if tastings are combined with marketing events, wineries in the AW zone account for 36.4 percent of all permitted annual visitation. Wineries in the AP zone have 62.5 of allowed visitation, while the remaining 1.1 percent of visitation occurs in the AIASP.

Generally speaking, smaller wineries are located in the hill areas, while the larger facilities tend to be located on the valley floor. The median production for wineries in the AW zone is 20,000 gallons. The average permitted production is 77,513 gallons. The median permitted visitation in the AW zone is 1,700 annually. The average is 10,283 annual visitors. It should be noted, that wineries in the AW zone include those located in Carneros, south valley, and Jamieson Canyon. Larger wineries in these areas tend to skew the data for the hillside areas.

Nevertheless, even with the skewed data, the valley floor clearly has much larger and more intensive wineries. The median production for wineries in the AP zone is 50,000 gallons, while the average permitted production is 276,276 gallons. The median permitted visitation in the AP zone is 7,254. The average is 26,959 annual visitors.

As a result, the Commission has historically approved much lower permitted levels of production and visitation for wineries in those areas of the County that are more remote and/or are serviced by local streets with limited road capacity.

Concerning the second criterion, staff has provided a broad review of production, referenced to visitation. Visitation here includes the total annual number of visitors allowed for both tasting and marketing events. The levels of visitation were assumed by dividing the existing winery database in approximate quintiles (20 percent cohorts) and providing the relevant data for each category, as follows:

Permitted total annual visitation	Number of wineries (percentage of total wineries)	Range of permitted production	Average permitted production	Median permitted production
0 - 200	82 (18.6%)	0 - 880,000	44,074	20,000
201 - 1,400	90 (20.4%)	0 - 315,000	28,630	20,000
1,401 - 5,000	92 (20.8%)	1,500 - 12,520,000	136,087	21,250
5,001 - 15,000	87 (19.7%)	5,000 - 44,500,000	581,341	48,000
15,001 - 539,688	91 (20.6%)	10,000 - 4,000,000	451,814	160,000

It appears from the table above that assuming production to be based on visitation produces only a weak correlation, and then only at very high levels of total annual visitation. However, if it is assumed that visitation depends on the amount of correlation, a very different picture emerges, as follows:

Permitted annual production	Number of wineries (percentage of total wineries)	Range of allowed total annual visitation	Average permitted visitation	Median permitted visitation
0 - 15,000	97 (21.9%)	0 - 18,470	1,610	520
15,001 - 20,000	102 (23.1%)	0 - 22,448	2,515	970
20,001 - 50,000	103 (23.3%)	0 - 103,620	6,816	3,435
50,001 - 200,000	86 (19.5%)	0 - 539,688	28,401	11,924
200,001 - 44,500,000	54 (12.2%)	0 - 256,700	67,393	37,000

In contrast to the first table, there is a clear increase in levels of allowed visitation as permitted production also increases. What is less clear, however, is how or to what degree the two measurements relate to one another.

Consequently, the Planning Commission has expressed an interest in developing a more refined process for evaluating proposed visitation and marketing proposals. Based on discussions in prior Commission hearings, as well as working with individual Commission members, staff proposes the following conceptual approach. The proposed method creates a common measurement for directly comparing all winery proposals. However, it avoids the tendency for rules to create a "one size fits all" standard, by providing flexibility that recognizes the unique circumstances involved in each individual application.

The first step towards new guidelines would be to create a baseline. One option would be to use either average or median of the permitted annual production for other wineries within a standard range (plus or minus 5 or 10 percent) of amount of production being proposed. For instance, if a new winery application proposed 100,000 gallons of annual production, the average or median would be taken from all other existing wineries between 95,000 and 105,000 gallons of production (if a 5% range is used); or between 90,000 and 110,000 gallons of production (if a 10% range is used).

Alternatively, the December 2014 "Travel Behavior Study" published by the Napa County Transportation and Planning Agency (NCTPA) found correlations between the amount of wine produced and the amount of traffic trips generated. The study estimated that between 0.56 and 0.98 people per day visit a winery for each 1,000 gallons of wine produced. That equates out to between 199 and 349 people per year. A mid-range of 275 people per year (including both marketing and tastings) per 1,000 gallons of production could be used as a baseline, as could either the high or low estimates.

The second step of staff's proposed approach would be to create a series of adjustments that be made to the baseline number, that reflect the environmental constraints of the site, and/or a proposed project's consistency with various County goals. For each of these factors, the baseline amount of total visitation could be increased or decreased, either by a set percentage or on a case-by-case basis. Suggested adjustments could include variables such as:

-) Primary access by the winery to a road segment or intersection that is currently at or projected to be Level of Service F;
-) Designation of the winery as a Certified Green facility;
-) Having a majority of the source grapes produced on-site ("estate grapes");
-) Location on a large parcel (for instance more than 40 acres) to ensure that neighbor conflicts are minimized and that there is sufficient space to accommodate all necessary infrastructure;
-) Variances;
-) Need to hold and haul winery wastewater;
-) Adoption of most of the voluntary greenhouse gas emission reduction measures;
-) Instituting employee vanpools, changing work shifts, shuttles, and other programs to reduce traffic;
-) Outstanding violations that have not been resolved;
-) Highly efficient water use;
-) Location in the headwaters of a watershed that provides municipal water supplies;
-) Loss of vineyards to accommodate proposed facilities;
-) Location on a dead-end road or access with similar constraints;
-) Location within the AIASP; and
-) Other factors as may be determined by the Planning Commission.

SUPPORTING DOCUMENTS

None

Napa County Planning Commission: Approve

Reviewed By: John McDowell