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May 10, 2015

**BY E-MAIL**

Mr. David Morrison  
Napa County Planning Director  
1151 Third Street  
Napa, CA 94558

**Re: Agricultural Protection Advisory Committee Deliberations**

Dear Mr. Morrison:

Permit me to offer several observations and suggestions as to matters under discussion by APAC at its meetings. I write on my own behalf only.

Napa Valley and its grape growing and winemaking industry benefit from having new entrants, entrants who bring youth, talent and a willingness to work hard. But the economics of the Valley are not in their favor, not just to be able to live here, but also to be able to own a vineyard and start a winery. The proposal to increase the minimum winery parcel size will only make the Valley more of an exclusive club for those whose entry cost was low because of the passage time and those who have already created wealth elsewhere. We should take no steps to make the Napa Valley even less affordable than it already is.

There is discussion about increasing the minimum parcel size for a winery from 10 acres to 40 acres, There is no necessary correlation between parcel size and environmental impact, but there certainly can be between use and impact. Site coverage, production level and visitation are important impact factors, and the smaller the parcel, the more constrained the uses should be. There is no need to increase the existing 10-acre minimum, but between parcels between 10 and 20 acres I suggest we have a new "small winery" category. The small winery would have a production limit of twice what could be produced from a vineyard on the site, perhaps 1,000 gallons of capacity of each acre of vineyard, with one-half of the winery's production to be from its own grapes. Thus a winery on a parcel with a 10 acre vineyard would have an authorized production of 10,000 gallons and a one on a parcel with a 20 acre vineyard would be permitted for 20,000 gallons. One-half of the production would have to be from the on-site vineyard. The winery would have no appreciable on-site marketing activities to the public but would be able to sell its wine at retail from the winery, a function that in today's direct-to-consumer world is key to the winery's viability. This keeps the entry cost down and reduces the impact on the land and

## RED HAWK VINEYARDS, LLC

Mr. David Morrison

May 10, 2015

Page 2

the public without imposing an artificial constraint of increased minimum parcel size. On parcels exceeding 20 acres the use permit requirements otherwise in effect would apply.

I should note that in many areas of the Napa Valley, particularly on the valley floor, the predominant parcel size is 20 acres, and this is not a recent phenomenon. Rather, it dates back to the land divisions of the late 19<sup>th</sup> century, when crops were fruit trees and vines, and 20 acres was an appropriate economic unit. Only in places such as Pope Valley, where agricultural production was dry-farmed grains, hay and cattle, were holdings normally measured as full sections or in quarter or quarter-quarter sections.

A cautionary observation about “estate” production requirements. Any imposition of an estate production requirement on a winery must include latitude for exceptions. In the 1990's many vineyards had to be replanted due to phylloxera. Any “estate” winery would have had to find another source of fruit during the four years following replanting and could not have satisfied the estate production requirement. Let's hope the rootstock susceptibility to phylloxera is behind us, but undoubtedly there will be something else in the future that will upset regulatory expectations.

As you may know, on behalf of the Vintners I involved in the crafting of the original Winery Definition Ordinance that was adopted in 1990. Part of the construct then, and still the case today, is that marketing activities are accessory uses to a winery, and a winery is defined as a facility for the “fermenting of grape juice into wine.” In other words, you cannot conduct marketing events in the Ag Preserve or Ag Watershed for your winery other than where grapes are crushed and fermented. This decision antedated the alternating premises permits that underlie the operations of many non-brick and mortar bonded wineries today, and I am not sure that all persons with alternating premises operations understand that the mere fact that they have a bonded winery number does not authorize them to conduct wine tastings and other marketing events at their personal residences or vineyards in the Ag Preserve or Ag Watershed. I would urge APAC to recommend no change in the existing WDO provisions in this regards.

Sincerely,

  
Reverdy Johnson