



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/25/2018

Agenda Placement: 10B

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: Remote Winery Workshop

RECOMMENDATION

Director of Planning Building and Environmental Services (PBES) requests direction on the adoption of an ordinance regarding remote wineries.

EXECUTIVE SUMMARY

In 2010, the Board adopted interpretive guidance on marketing activities for wineries. The guidelines reference that the remoteness of a winery, access constraints, and the amount of wine produced should all be considered when deciding the intensity of proposed marketing programs. However, the guidelines as written do not provide any definition for either remoteness or accessibility, do not indicate how they are to be quantified, and do not describe how these criteria relate to production, visitation, and/or marketing proposals. As a result, the language has created uncertainty in the evaluation and consideration of proposed wineries.

On August 14, 2018, the Board requested that a discussion of whether the County should adopt an ordinance to regulate remote wineries be placed on the agenda, to provide clarity and further guidance on this issue.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

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 onsite marketing and visitation programs.

The staff report for the resolution stated that the Planning Commission discussed and took public comment on the proposed resolution at its April 21, 2010 meeting. The staff report notes that industry groups and Planning Commission opinion moved away from the initial proposal, which would have associated the size of marketing programs with production volumes, in favor of Section III's more general nexus between wine production, winery location, and winery marketing.

The guidelines direct that the amount of visitation and marketing in a winery application should be based on three factors: (1) the remoteness of a winery; (2) the accessibility of a winery; and (3) the amount of wine production allowed at the facility. In addition, while the County must consider each application on a case-by-case basis and make a decision based on the unique merits and circumstances of the proposal, the guidelines direct that when considering winery applications, the intensity of winery activities should be "appropriately scaled." This implies that wineries that are similar in nature regarding remoteness, accessibility, and production should also have similar visitation and marketing levels, and that winery proposals should be compared to other existing and proposed wineries within the context of the factors mentioned above.

The Planning Commission currently includes winery comparison analysis as a part of its consideration for use permits. This report instead focuses on the first two factors described above.

Remoteness

The term "remote" is not defined either in the General Plan or in the County Code. Absent any specifics, staff has used zoning as a means to distinguish between the hillside areas and the valley floor, and in order to provide some general analysis of patterns in winery development. According to the County Winery Database there are 484 wineries in the unincorporated area, distributed as follows:

- | 276 wineries (57%) are located in the hillside areas, on AW (Agricultural Watershed) zoned land; 1
- | 85 wineries (38%) are located on the valley floor in AP (Agricultural Preserve) zoned land;
- | 18 wineries (4%) are located in the AIASP (Airport Industrial Area Specific Plan); and
- | 5 wineries (1%) are located in commercial or residentially zoned land.

Production and visitation are not distributed equally among the zones. The County has approved a total production

of 115.5 million gallons of wine. (Note, however, that according to the Alcohol and Tobacco Tax and Trade Bureau (ATTB), an average of only 47 million gallons of wine has been produced annually in Napa County over the past decade.) Even though the AW zone accounts for more than half of the wineries, it only comprises 16.2 percent of the total permitted production capacity. In contrast, the AP zone has nearly 100 fewer wineries than the AW zone, but accounts for the largest share of wine production at 41.9 percent of total production capacity, with 40.3 percent located in the AIASP. The remaining 1.6% is located in residential and commercial zoning.

The same differences can be seen regarding visitation. The County has approved 8.0 million tasting room and marketing event visitations per year. (Note however that according to Visit Napa Valley (VNV), 3.5 million visitors came to Napa County in 2016. VNV also reported that visitors go to an average of 3 wineries during their stay.) Once again, the largest share of total visitation is in the AP zone, at 61.3%. The AW zone only accounts for 37.5% of total visitation, with the remaining 1.2% occurring in the AIASP.

Generally, fewer and larger facilities tend to be concentrated in the AP zone, while the AW zone is characterized by smaller wineries. For example, wineries in the AW zone have a median permitted production of 20,000 gallons, compared with 48,000 gallons in the AP zone. The median permitted total visitation in the AW zone is 1,800 annually, compared with 7,800 mean annual visitors for wineries in the AP zone. Historically, the County has approved lower levels of production and visitation for wineries in the AW zone, which are often more remote and/or serviced by local streets with limited road capacity.

Accessibility

The term “accessibility” is used several times in the General Plan and County Code but, is not defined. Staff has provided information regarding road classification and level of service for discussion purposes. The 2008 Circulation Element provides a road classification system for the County, including:

- | Local roadways: provide access to individual homes and businesses.
- | Rural collectors: connect locally important activity centers, provide a collection system for the local roads, and may incorporate sharper curves, narrower pavement widths, and other features consistent with slower vehicle speeds.
- | Rural throughways (arterials): designed primarily for longer-distance travel between major centers of activity (such as incorporated jurisdictions or distant locations in the county) and built to accommodate this type of travel (fewer or more gentle curves, wider shoulders, limited driveway access, etc.)
- | Freeways: characterized by limited access (e.g., only at interchanges), controlled access (e.g., ramp metering), and designed for high-speed travel.

There are no freeways located within the AW zone. Rural throughways within the AW zone are limited to State Routes 12, 29, 121, and 128. Rural collectors include, but are not limited to, the following:

- | Cuttings Wharf Road
- | Buhman Avenue
- | Old Sonoma Road
- | Imola Avenue
- | Coombsville Road (portion)
- | Atlas Peak Road (portion)
- | Steele Canyon Road
- | Pope Valley Road
- | Chiles Pope Valley Road
- | Deer Park Road
- | Sanitarium Road
- | White Cottage Road

- | Howell Mountain Road
- | Tubbs Lane

Local roadways include Soda Canyon Road, Dry Creek Road, Mount Veeder Road, and Cold Springs Road. In recent years there has been opposition to the development of new or expansion of existing wineries on these local roadways.

Policy CIR-16 in the General Plan states in part: "The County shall seek to maintain an arterial Level of Service D or better on all county roadways, except where maintaining this desired level of service would require the installation of more travel lanes than shown on the Circulation Map." Level of Service (LOS) D is defined as: "The level where traffic nears an unstable flow. Intersections still function, but short queues develop and cars may have to wait through one cycle during short peaks." For residents along local roadways, LOS D may represent a substantial change in the way that their roads have historically operated, but is consistent with County policy.

Sustainability

One issue has arisen during recent discussion of remote wineries, but was not referenced in the 2010 guidelines, which is sustainability. For this discussion, sustainability particularly refers to estate production, which is wine produced with grapes from vineyards owned or controlled by the winery, within the same appellation as the winery. This issue is important for several reasons. Estate-produced wine is more reflective of the unique local terroir and reinforces the Napa brand. It also reduces truck traffic by limiting the importation of grapes grown elsewhere.

Using the County Geographical Information System (GIS), staff has analyzed nearly 400 wineries that also have on-site vineyards, located throughout the County. This analysis is very broad and can only be intended to provide a rough understanding of estate production potential in Napa, due to the following limitations. First, the analysis is based on permitted wine production, not actual wine production. The County does not have access to individual winery production data, and a winery may be producing far less than what its permit allows. Second, the analysis only evaluates vineyards located on the same parcel as the winery, and does not take into account adjoining or nearby vineyards under common ownership, as vineyards may be owned by different family members or limited liability corporation interests. Third, the County does not have grape yield numbers for individual properties. A countywide average yield of 3.7 tons per acre was assumed even though yields may vary greatly depending on soil, climate, water, and vineyard management. Despite these limitations, the resulting analysis may provide some guidance to the Board in considering the issue. A breakdown of the wineries' estate production potential is as follows:

Level of Potential Estate Production	Number of Wineries	Percentage of Total Wineries Evaluated
80%-100%	56	14.3%
60%-80%	88	22.5%
40%-60%	78	20.0%
20%-40%	93	23.8%
0%-20%	76	19.4%

Based on the assumptions used, a majority of the wineries reviewed would not be able to achieve 50% of permitted estate production. Any requirement that established a minimum threshold for estate production could result in applications for new or modified wineries proposing to add new vineyard acres. For remote wineries located in hillside areas, this may result in environmental impacts that could complicate the use permit process, or result in some properties not being developable as wineries. Estate production requirements may also limit the ability of wineries to blend varietals.

Board Consideration and Staff Recommendations

Should the Board decide to adopt an ordinance, the following issues may be considered in the definition of remote wineries and their regulation as part of a future ordinance:

- | Proximity to a rural collector or rural throughway;
- | Percentage of wine produced on-site sourced from grapes grown on-site (“estate grapes”);
- | Location on a large parcel to ensure that neighbor conflicts are minimized, including outdoor noise, and that there is sufficient space to accommodate all necessary infrastructure;
- | Need for variances due to steep slopes, watercourses, or other site constraints;
- | Request for hold and haul winery wastewater or trucked domestic water;
- | Location in a watershed that provides municipal water supplies;
- | Loss of vineyards to accommodate proposed facilities;
- | Location on a dead-end road, easement across adjoining properties, road exceptions, or access with other constraints;
- | Intensity of visitation and marketing; and
- | Other factors as may be determined by the Board of Supervisors.

Staff also notes that although an ordinance is one option, the Board may also direct staff to prepare an amendment to the 2010 guidelines, policies, or alternative means for establishing criteria to define remote wineries. However, if the Board’s intent is that these criteria be applied to future use permit applications, then an ordinance is recommended to ensure enforcement.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi