



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 11/5/2014

Agenda Placement: 10A

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission
FROM: John McDowell for David Morrison - Director
Planning, Building and Environmental Services
REPORT BY: Charlene Gallina, SUPERVISING PLANNER - 299-1355
SUBJECT: Wine Industry Education Session

RECOMMENDATION

SET MATTER - 10:30 A.M.

WINE INDUSTRY ECONOMICS STUDY SESSION

Request: Presentation and discussion on distribution trends and economic factors in the wine industry. In response to prior requests from the Commission for continuing education on winery economics, three presentations will be given from private practice wine industry subject matter experts followed by panelist questions and discussion. Presenters are Richard Mendelson, wine law expert, author and professor with Dickerson, Peatman and Fogarty; Craig Underhill, Certified Public Accountant with Brotemarkle, Davis and Company; and Rob McMillan, Executive Vice President and Founder of Silicon Valley Bank's Wine Division. This study session is for educational/informational purposes, and is not intended as a forum to discuss or debate existing or future winery-related land use regulations.

Staff Recommendation: Informational Item. No action necessary.

Staff Contact: John McDowell, 299-1354 or john.mcdowell@countyofnapa.org

EXECUTIVE SUMMARY

Proposed Action:

This is an informational item; no action is proposed.

Discussion:

The Commission have previously requested that staff reach out to private subject matter experts to provide the Commission, staff and interested parties education on general topics pertaining to Commission's role reviewing land use entitlements. Commissioners have expressed interest in learning more about the economics, business trends, regulatory framework, and operational/logistical mechanics effecting wineries and hospitality uses. Staff has arranged for this first study session to address economic factors in the wine business, including an overview of distribution constraints and its relationship to direct-to-consumer wine sales. Format of the study session will consist of a brief staff introduction of the speakers, followed by each of their presentations, and concluding with questions and discussion lead by the Commission Chairman. Each speaker has a power point slide program that will be made available to the Commission and public prior to meeting, and presented at the meeting.

The purpose of this agenda item is for educational purposes; it is not intended as the forum for a discussion or debate regarding existing or future policies governing winery development or operation. This is not a public hearing, but the Commission is encouraged to take comments and questions from any interested parties. It is anticipated that additional study sessions will occur in 2015, with the next likely session addressing State and Federal liquor licensing/sales regulation.

Separate from these study sessions, the Director has been tasked by the Board of Supervisors to conduct a public forum process on the Winery Definition Ordinance, General Plan, and their relationship to potential cumulative environmental impacts. A schedule of meetings for that forum is in development.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

No action is proposed and, therefore, CEQA is not applicable.

BACKGROUND AND DISCUSSION

Cirriculum Vitae:

Richard Mendelson - Author, Professor, Lawyer

- Attorney, Dickerson, Peatman & Fogerty since 1986; specialist in wine law, land use and intellectual property
- Director, Wind Law and Policy Program, University of California Berkeley since 2007, teach classes on "Wine Law" and "Products of Place"
- Author, *From Demon to Darling: A Legal History of Wine in America* (UC Press 2009) and *Wine in America: Law and Policy* (Wolters Kluwer 2011)
- Visiting Professor, Universities of Bordeaux and Aix-Marseille - Vineyard and Law Degree Program, University of California Davis School of Management - Wine Executive Program, Sonoma State University - Wine MBA Program
- Past President, International Wine Law Association; Chair, annual CEB California Wine Law Forum

Craig Underhill, Certified Public Accountant, Brotemarkle, Davis & Co.

- CPA for over 28 years and has been with BDCo since 1995

- Business financial and strategic planner
- Educator to wine business since 2004
- Sonoma State Wine MBA Program guest speaker
- UC Davis Extension International Wine Industry guest speaker since 2012
- Board Chair for Junior Achievement past 17 years in Napa County

Rob McMillan - Executive Vice President and Founder, Silicon Valley Bank's Wine Division

- Subject Matter Expert for Wine Bloomberg, Reuters and other Media Outlets
- Speaker in the US and abroad cited Nationally in *CNBC, LA Times, PBS, Barron's, Forbes, NBC Universal, NY Times, Wine Spectator, Decanter*, and many others
- Managing Committee Silicon Valley Bank 1999-2002 (NASDAQ: SIVB)
- Worked in wine banking starting 1982
- Guest Speaker SSU and UC Davis MBA Programs
- Only Banker named to Wine Industry Top 100 Most Influential People List
- Published author of various reports on industry trends picked up worldwide and used in numerous universities in Europe and the US
- Lives and has worked in the Napa Valley since 1996

SUPPORTING DOCUMENTS

None

Napa County Planning Commission: Approve

Reviewed By: John McDowell