



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 6/17/2015
Agenda Placement: 10A
Continued From: March 4, 2015

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: John McDowell, Deputy Planning Director - 299-1354
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: Continued study session discussion and possible action item to review staff proposed guidelines for evaluating the levels of visitation and marketing events for winery use permit proposals. 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 the preparation of draft guidelines that would do the following:

- | Create a baseline for total annual visitation (including both tasting room and marketing events), based on the median of all post-WDO wineries that are within ten percent of the application's proposed production
- | Establish a list of modifying factors that the Commission may use in their discretion to adjust the visitation baseline, taking into account any unique locational and/or operational characteristics of the application.

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

CONTINUED DISCUSSION FROM THE MAY 15, 2015 REGULAR MEETING.**EXECUTIVE SUMMARY****Proposed Actions:**

No action proposed. This is a continuing study session. Materials in this staff report were presented at the Commission's May 20, 2015 regular meeting. Additional materials from the Department Director may be presented at the meeting, or distributed the night before the meeting if available.

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.

The Commission has expressed interest in an approach that combines a common baseline of visitation that would apply to all future applications, while providing modifying 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

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BACKGROUND AND DISCUSSION

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 proposed a two-step approach at the March 4, 2015 meeting:

1. Create a baseline, using either average or median of the permitted annual production for other wineries within a standard range (plus or minus 5 or 10 percent) of the amount of production being proposed. Alternatively, a general standard could be used, based on other metrics, such as the Napa County Transportation and Planning Agency (NCTPA) study or other source.
2. Create a series of modifying factors that be applied to the baseline number. 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.

At the March 4th meeting, the Commission generally supported the two-step approach proposed by staff, but requested additional information. Specifically, the Commission requested that staff break out the baseline in more detail, to remove the pre-WDO wineries from the analysis. The Commission also asked that the modifying factors be expanded and grouped together into categories of “Locational” and “Operational” criteria.

Visitation Analysis

Previously, staff provided an analysis dividing all wineries within the County database into approximate quintiles, and then taking the average and median visitation within each group. Visitation included the total annual number of visitors allowed for both tasting and marketing events. The resulting data was presented as follows:

Potential 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
50,000 – 200,000	86 (19.5%)	0 – 539,688	28,401	11,924
200,000 – 44,500,000	54 (12.2%)	0 – 256,700	67,393	37,000

The Commission asked that wineries in the Airport Industrial Specific Plan Area be removed from the analysis, so that it reflected only the agriculturally zoned areas, as visitation is less of a concern within industrial business parks that are designed to accommodate more intensive uses. The Commission also directed that pre-WDO (Winery Definition Ordinance) wineries also be excluded from the analysis, as they were established with much greater production and visitation levels, and there was a concern that they would skew the data. Staff revised the analysis accordingly, which is presented below.

Potential annual production	Number of wineries (percentage of total wineries)	Range of allowed total annual visitation	Average permitted visitation	Median permitted visitation
1,500 – 15,000	62 (28.1%)	0 – 18,470	2,039	1,048
15,001 – 20,000	48 (21.7%)	0 – 19,900	3,717	2,757
20,001 – 30,000	38 (17.2%)	0 – 103,620	7,729	3,898

30,000 – 50,000	36 (16.3%)	156 – 48,506	8,132	5,741
50,001 – 3,700,000	37 (16.7%)	0 – 153,900	23,774	13,516

Several interesting observations result from the new analysis, which looks only at post-WDO wineries in the agricultural zones. To begin with, the overall data set is about half of the previous table. There are now about as many wineries approved since the adoption of the WDO as were approved prior to the WDO. This reduced data set also skews more towards smaller production. In the earlier analysis, 31.7% of wineries had production greater than 50,000 gallons per year. In the revised analysis, the number has dropped to 16.7%. Similarly, wineries with 20,000 gallons of production or less have grown from 45.0% to 49.8%.

With regards to visitation, the average and median visitation rates increased for wineries with 20,000 gallons of production or less, but lower for wineries with more than 50,000 gallons of production. Although it should be noted that while higher, the rates of visitation for the smaller wineries are still relatively low, with averages of 39 to 71 per week and medians of 20 to 53 per week. (Remember that these numbers reflect combined tasting and marketing event visitation.)

Staff suggests another alternative approach to looking at this data. Instead of evaluating wineries by associating them with operations of a similar production level, one can create a ratio of visitors per 1,000 gallons of production that can be equally applied to any application. This approach was used by Fehr and Peers in the Travel Behavior Study prepared for the Napa County Transportation and Planning Agency (NCTPA). 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, for every 1,000 gallons of production. One limit of the NCTPA study was that it had a fairly small sample based on a voluntary survey of winery operations. However the same approach can be applied to the more comprehensive County Winery Database.

Staff began by excluding wineries in the AISPA, within cities, or those that were established prior to the WDO, similar to the revised analysis shown in the second table above. Each of the remaining wineries was evaluated individually to determine the ratio of visitors per 1,000 gallons. The result was 126 total visitors (both tasting and marketing events) per 1,000 gallons of production, a lower ratio than that found in the NCTPA study. (If the same method is used to include all pre-WDO wineries, the number drops to 106 visitors per 1,000 gallons. Some pre-WDO wineries have large production facilities with very little visitation, which lowers the overall average.) The figure of 126 visitors per gallon includes 110 visitors based on tasting room visitation and 16 visitors based on visits associated with marketing events.

An important factor to consider is the different effect visitation rates generally have on small wineries compared to larger ones. Tasting room visitation is an important part of direct to consumer sales, which in turn is critical for smaller, start-up wineries that do not have established brand name recognition or access to national distribution networks. According to the "2015 Direct to Consumer Wine Shipping Report" prepared by ShipCompliant and Wine and Vines, 32% of all wine shipped nationwide last year originated in Napa County. More than 63% of all wine shipped directly to consumers in the US last year came from small wineries. Small wineries are defined as 50,000 case production or less (equivalent to 118,900 gallons). Very small and limited production wineries of less than 5,000 cases (11,888 gallons) accounted for 18.2% of direct to consumer wine shipping. Larger wineries have more options available when selling wine and are less sensitive to limitations on visitation.

Modifying Factors

As stated earlier, while the visitation baseline provides a common method for comparing a wide range of winery proposals, there is also a desire on the Commission to recognize the unique characteristics and setting that apply to each individual application. Staff brought forth an initial list of potential factors at the March 4 meeting. That list has since been expanded, and has been grouped into two categories: (1) Locational Criteria which include those factors that pertain to the parcel and are outside of the control of the applicant; and (2) Operational Criteria which include those factors that pertain to the winery facility and are within the control of the applicant.

Locational Criteria

-) Primary access by the winery to a road segment or intersection that is currently at or projected to be Level of Service E or F;
-) Large parcel size (for instance more than 40 acres) to ensure that neighbor conflicts are minimized and that there is sufficient space to accommodate all necessary infrastructure;
-) Headwaters of a watershed that provides municipal water supplies:
-) A dead-end road or access with similar constraints;
-) Location within the AIASP;
-) Presence of a flood zone;
-) Wildland Hazard Fire Area;
-) High proportion of expansive soils;
-) Proximity to existing homes.
-) Overconcentration in the immediate area of existing wineries;
-) Affects a public view shed; and
-) Would result in loss of habitat and/or affect sensitive specie(s).

Operational Criteria

-) Designation of the winery as a Certified Green facility;
-) Having a majority of the source grapes produced on-site ("estate grapes");
-) Variances;
-) Need to hold and haul winery wastewater;
-) Adoption of 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;
-) Loss of vineyards to accommodate proposed facilities;
-) Proposed on-site employee or farm worker housing;
-) On municipal water supply;
-) On municipal sewer supply;
-) Use of recycled water; and
-) Planting new vineyard.

SUPPORTING DOCUMENTS

None

Napa County Planning Commission: Approve

Reviewed By: John McDowell