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County of Napa Planning Director David Morrison
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RE: COMMENTS : Draft Limited Winery Ordinance

Dear David,

Thank you for reaching out for comments to the above referenced Ordinance.

A) NO PLAN-BASED ARGUMENT TO JUSTIFY "STREAMLINING"

- As originally referenced, this Ordinance is intended to streamline the approval process at the Zoning Administrator level for "small and/or family-owned winery businesses". It is only because there is an existing "Small Winery" definition in the Code that the term "Limited Winery" is adopted.
Among other qualifications regarding square footage, visitation and grape sourcing, for a winery to come under this designation and enjoy the benefits of the Ordinance, it must produce no more than 30,000 Gallons Per Year (GPY).
- **No plane-based, comprehensive policy reason has been provided as to why such a streamlining process is needed.** One can only surmise that it is intended to relieve the workload of Staff, Planning Commission and the Board of Supervisors, in order to facilitate an easier and less expensive process for winery applicants, **both by minimizing the time-consuming public scrutiny and CEQA review.**

B) "LIMITED WINERY" BENEFITS FOLLOWING DATE OF ADOPTION

- The provisions of the Ordinance are intended to apply only to "Limited" i.e. *small* wineries, ***following*** its date of adoption. It is not only unfair to exclude existing small wineries seeking increased levels of production and visitations from the benefits of this Ordinance, it is also contrary to County past policies to afford greater benefits to existing wineries than new ones.
- **Many believe that the exclusion of existing small wineries is intentional, designed to avoid a comprehensive evaluation of the Ordinance's cumulative impacts only to be subsequently amended in practice or via incremental approvals of existing small winery applications using the steadily increases in production and visitations in the Limited Wineries database as comparisons.**

- Data comparisons of similar existing wineries have been routinely employed by the P.C. and the B.O.S. to justify the granting of increased production and visitation levels to wineries applying for use permit modifications.

It defies common sense to expect that the P.C. or the B.O.S. will deny the processing benefits of this Ordinance to existing small wineries seeking to expand to "Limited Winery" level when they ask: "Why should we, who have been in this valley for so long have to undergo full review when newcomers don't"!

Following is a discussion of the potential impacts of this Ordinance once the existing small wineries are included in its provisions as they undoubtedly will be.

C) WHY IS A 30,000 GPY WINERY SMALL?

The County has not provided evidence or metrics (Napa, Sonoma, nationwide or international) to substantiate that a 30,000 GPY winery is a small winery.

The Napa County Winery Database itself points to the contrary conclusion.

D) EXISTING SMALL WINERIES IN NAPA COUNTY

- 510 wineries total
- 37 wineries produce 30,000 GPY
- 261 (52%) of all wineries produce *fewer* than 30,000 GPY
- 209 (41%) of all wineries produce 20,000 GPY or fewer
- 124 (24%) of all wineries produce 15,000 GPY or fewer

Napa county is mostly comprised of smaller wineries than those in the Ordinance.

The two questions which arise for justifying the creation of this Ordinance are:

- 1) is the fact that 52% of all existing wineries are below what the Ordinance defines "small" an undesirable condition which needs to be remedied?
- 2) If so, what is the justification for excluding them from the streamlining process when they seek to expand to "Limited Winery" status?

When half of all existing wineries produce fewer than 30,000 GPY and 1/4 of them produce 15,000 GPY or fewer, it seems disingenuous and misleading to label a 30,000 GPY winery "small". The obvious conclusion is that they will not be excluded in actual subsequent practice.

E) CONTRADICTION vs. GOVERNMENT RHETORIC

Since the data prove that most wineries in the county are *substantially* smaller than the limits the Ordinance sets, it is clear that over the years, this Ordinance will facilitate new wineries and existing small wineries to reach the 30,000 GPY level thus gradually eliminating the majority supply of wineries in the county which today are smaller.

This is contrary to past rhetoric of the P.C. or the B.O.S., in public hearing after hearing, proclaiming to the public that their goal is to encourage the preservation and formation of small wineries. Yet, the provisions of this Ordinance lead to the opposite result.

F) IMPACTS OF THE POTENTIAL PRODUCTION LEVEL INCREASES

- The total permitted production level of all 261 existing small wineries which produce *fewer* than 30,000 GPY is **3,636,733** gallons.
- The potential production level if all were to be approved to 30,000 GPY levels would increase by 4,193,267 total gallons.
- Due to the 85% rule, the effective increase in matching AVA sourced grapes will be **3,564,277** gallons.
- Assuming a yield of 3 tons/acre (and 150 gal/ton) the additional required matching AVA vineyard land to accommodate this increased production would be **7,921** acres.

While it is unlikely that all small wineries in the Winery Database will seek increased productions to 30,000 GPY levels, the sheer volume of them merits a credible effort by the County to quantify them by means of a survey and questionnaire in order to assess the CEQA mandated impacts of "probable future projects".

In addition, these numbers include only the currently existing small wineries. They do not include any new wineries which will be taking advantage of the provisions of the Ordinance.

The County must also make a credible effort to quantify the potential impacts with a survey of the undeveloped "small winery" potential sites before it can quantify the cumulative new winery production impacts of this Ordinance as mandated by CEQA "probable future projects".

G) PROBABLE FUTURE PROJECTS

During past public hearings, both the P.C. and B.O.S. have dismissed the CEQA mandate to consider the impacts of probable future projects as "speculative". However, the words "probable future" inherently involve a speculative element. Rather than such impacts being summarily dismissed as has been the practice, the County must make a credible effort to quantify and analyze such data and evaluate their potential impacts. This Ordinance has failed to do so.

H) IMPACTS OF POTENTIAL VISITATION LEVEL INCREASES (REVISED)

The current cumulative current visitations at all 261 existing small wineries which this Ordinance would cover excluding those for events is 457,572. If all such wineries were to take advantage of the provisions of this Ordinance, the cumulative visitations excluding those for events would be a staggering 3,706,200!!!

This number includes only the currently existing "small" wineries but it does not include any new wineries which will be taking advantage of the provisions of the Ordinance.

While it is unlikely that all small wineries in the Winery Database will seek the visitation levels afforded by the Ordinance, their sheer volume merits a credible effort by the County to quantify them by means of a survey and questionnaire in order to assess the CEQA mandated impacts of "probable future projects".

The County must also make a credible effort to conduct a survey of the undeveloped "small winery" potential sites before it can quantify the new winery cumulative visitation impacts of this Ordinance as mandated by CEQA "probable future projects".

I) THE "SMALL" WINERY FINANCIAL ARGUMENT

Officials have repeatedly made the argument in support of increased production of small wineries - ***even when they have been gross use permit violators*** - by accepting their argument prima facia that they are not economically viable.

No evidence-supporting financial data of economic hardship have ever been requested by government officials from winery applicants seeking use permit modifications.

If the number of such applications is the true driver of this Ordinance, the fact that there is no corroborating financial evidence of hardship is not an acceptable justification for the need for this Ordinance.

However - even without sourcing comparisons to small wineries around the world - there are many ***thriving and truly iconic*** wineries in both Napa and Sonoma counties with production levels well below 20,000 GPY (many below 15,000 GPY) which are not only viable but have long customer waiting lists.

To name a few in Napa county:

Bryant Family, Dalla Valle, El Molino, Favia, Grace Family, Aubert, Kapcsandy, Morlet, Schrader, Nichelini, Oakville Ranch, Revanna, Screaming Eagle, Seavy, Sloane among others.

To name a few in Sonoma county:

La Crema, Rafanelli, Porter Bass, Joseph Swan, Coturri, Kistler, Marcassin, Dehlinger, Ravenswood, Torres, Rochioli, Mayo, Nalle, Littorai, Hanzell among others.

J) CIRCUMVENTION OF CEQA

The rationale for the Ordinance is that: *"Holding a hearing before the Zoning Administrator instead of the Planning Commission would typically reduce processing time by 4-8 weeks and would thus provide some relief to **modest proposals**".* This rationale conceals the fact that longer processing times are due to citizen scrutiny and CEQA analysis, all to the public benefit.

At the same time, the cumulative impacts of this Ordinance which affect more than half of all wineries in the county plus an unspecified number of potential new wineries is anything but "modest". The sheer magnitude of wineries affected by this change will have a profound cumulative impact on the entire Napa valley infrastructure, its ecology and quality of life.

Such impacts would include the location of the additional vineyard acreage which invariably will result in hillside deforestation, stream sedimentation, decreased water availability and traffic increases to an already overburdened network to name a few.

*It is time for the BOS to acknowledge that its piecemeal approach model of analyzing development impacts - **in the absence of an articulated overall planning vision and objectives** - has not served the county well as evidenced by the current intolerable traffic conditions, other strains on the infrastructure and quality of life. This Ordinance proposes to eliminate even such piecemeal CEQA reviews and place project approvals under the sole discretion of the Zoning Administrator - a Winery Permit Czar - with the power to impact more than half of the county's current winery supply while "streamlining" public input and CEQA review out of the process.*

In consideration of the unexamined potential impacts described above, this Ordinance will in a most surreptitious way, advance the entire Napa county CEQA baseline in an profound way without review. This Ordinance itself must undergo proper CEQA analysis.