

City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Ken MacNab, Planning and Building Manager
DATE: September 6, 2011
SUBJECT: Grape Sourcing Requirements for Wineries and Winery Tasting Rooms

APPROVAL FOR FORWARDING:

Richard D. Spitler, City Manager

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ISSUE: Discussion on grape sourcing requirements for wineries and winery tasting rooms and direction to staff on scheduling of a study session.

RECOMMENDATION: Discuss and provide direction to staff.

BACKGROUND: In response to recent proposals to establish new wineries within city limits, the City Council received requests from the agricultural community to adopt an ordinance similar to Napa County’s Winery Definition Ordinance (“WDO”) that regulates the source of grapes used in wines produced at local wineries or in wines tasted and sold in local winery tasting rooms. At the July 19, 2011, regular meeting of the City Council staff provided an overview of wine-related regulations and presented several regulatory options for the Council to consider. During this meeting the City Council received testimony from both supporters and opponents of such regulations. After some discussion, the City Council requested that staff provide additional information on regulations and possible approaches for preparing an ordinance that would be appropriate for Calistoga.

DISCUSSION: Attached for the City Council’s review and consideration is a “Q & A” on how the County and the City regulate wineries and winery tasting rooms (Attachment 1). More specifically, the “Q & A” summarizes how the WDO regulates grape sourcing for wineries and winery tasting rooms and compares those regulations to current regulations adopted by the City and other communities in the Valley. Based on this information, staff has identified a number of policy considerations for the City Council to consider should it decide to proceed with the development of grape sourcing regulations for local wineries and winery tasting rooms. These are summarized in Attachment 1.

29 **NEXT STEPS:** At the August 16, 2011, regular meeting of the City Council, an
30 interest was expressed in holding a study session – possibly with the Planning
31 Commission – to further review and discuss issues related to grape sourcing
32 regulations. Staff has identified the following three topics as the focus of this
33 study session:

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- 35 1. Grape sourcing regulations for wineries.
 - 36 2. Grape sourcing regulations for “stand-alone” winery tasting rooms.
 - 37 3. Regulations addressing an overconcentration of winery tasting rooms.
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41 It has been suggested that local experts be invited to participate in the study
42 session. Staff will look into the availability of such experts to attend the study
43 session.

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45 Staff is targeting the last week of September to hold the study session (to allow
46 for public noticing). If the study session concludes with a direction to prepare an
47 ordinance, it is anticipated that it will take approximately two months to draft the
48 ordinance and complete the public review and adoption process.

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50 **IN-PROCESS PROJECTS:** There are several wine-related development
51 projects that may be delayed as a result of the effort to prepare and adopt a
52 grape sourcing ordinance. Below is a list of pending projects and their current
53 status.

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55 **TABLE 1 – LIST OF PENDING WINERY & TASTING ROOM PROJECTS**

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Project	Status
Anderson Wine Tasting	Scheduled for PC action on 9/14/11.
Arden Winery	Application has been submitted. Tracking for PC and CC review in Nov./Dec., 2011.
Bounsall Winery	MOU approved. No application has been submitted.
Lava Vine Winery Expansion	Tracking for PC review in November, 2011.
Silver Rose Winery Expansion	MOU approved. No application has been submitted.
T-Vine Cellars	Tracking for PC review in October, 2011.

57 Given the estimated timeline for developing a grape sourcing ordinance, there is
58 a need to take Andrea Anderson's pending Conditional Use Permit to the
59 Planning Commission for action in order to meet State permit processing
60 obligations. Consequently, staff has scheduled her request for a decision by the
61 Planning Commission on September 14, 2011.

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63 Other projects potentially effected by the timing of a grape sourcing ordinance
64 include expansion of the Lava Vine Winery on Silverado Trail and construction of
65 a new winery (T-Vine Cellars) on the old "Rainbow Ag" property on Foothill
66 Boulevard.

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68 **ATTACHMENTS:**

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70 1. Questions and Answers (Q & A): Winery Regulations and Grape Sourcing
71 2. Article from North Bay Business Journal: Winery Tasting Rooms: Zoning,
72 Licensing and Leasing Considerations, Katherine Philippakis and Richard
73 Shapiro; August, 2010
74 3. E-mail communication from Don Luvisi dated August 9, 2011.
75 4. E-mail communication from Anne Steinhauer, dated August 30, 2011.
76 5. List of existing wineries and wine tasting outlets.