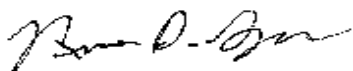


# City of Calistoga

## Staff Report

**TO** Honorable Mayor and City Council  
**FROM** Lynn Goldberg, Planning and Building Director  
**DATE** September 1, 2015  
**SUBJECT** Potential Limitations on Downtown Wine Tasting Facilities

APPROVAL FOR FORWARDING



Richard D. Spitler, City Manager

1 **ISSUE:** Consideration of potential limitations on downtown wine tasting facilities

2 **RECOMMENDATION:** Provide direction to staff on regulating downtown wine tasting  
 3 facilities, if appropriate

4 **BACKGROUND:** There are 13 downtown wine tasting facilities in operation or that  
 5 have been approved and are not yet open. Four have been approved in the last 14  
 6 months. Most of the tasting facilities are located along Lincoln Avenue, although two of  
 7 these are located inside of The Depot.

8 On July 7th, the Council directed staff to research what similar communities have done  
 9 to regulate tasting rooms, and identify potential options for regulating tasting rooms, with  
 10 the Planning Commission's input.

### 11 **DISCUSSION**

#### 12 • Regulations by Other Communities

13 Several other Wine Country jurisdictions are facing similar challenges of maintaining a  
 14 balance of local- and visitor-serving commercial uses. The Healdsburg City Council has  
 15 discussed potential wine-tasting regulations over the last 10 years, but has directed staff  
 16 to be guided only by an informal policy that limits downtown wine tasting facilities to one  
 17 per block face.

18 The Town of Yountville has no limitations on the total number of tasting facilities or their  
 19 location. However, it has adopted a "retail diversity policy" that takes effect when the  
 20 Town Council determines that a class or type of business use offering retail goods  
 21 (primary use) is becoming or has become over represented in the commercial districts.  
 22 This determination has been made for wine tasting businesses; therefore new wine  
 23 tasting-only facilities are subject to the following requirements:

- 24 • A minimum of 25% of the net floor area (display areas accessible to the public)  
 25 shall be devoted to a secondary use.
- 26 • The nature of the secondary use shall be approved concurrent with the use  
 27 permit approval of the primary use.
- 28 • The secondary retail shall be distinct from the primary retail in order to meet the  
 29 test of maintaining retail diversity and be sufficiently substantial in quantity,  
 30 availability, and display presentation to provide an independent shopping  
 31 opportunity apart from the primary retail use. "Token" efforts to provide  
 32 secondary retail items shall be avoided.
- 33 • The secondary retail products offered shall be located within the retail space, as  
 34 is practically feasible, and not segregated to an area that can be closed off.
- 35 • The secondary retail use shall be operated concurrently and in conjunction with  
 36 the primary use.
- 37 • The secondary retail use shall be maintained as an essential element of the total  
 38 operation and the merchandise shall remain available for inspection and  
 39 purchase at all times the primary use is open.

40 The City of Sonoma, another local jurisdiction with a significant number of downtown  
 41 wine tasting facilities, has no special limitations aside from requiring approval of a use  
 42 permit.

43 • Potential Regulations

44 A range of options related to the regulation of wine tasting facilities are possible. It is  
 45 assumed that they would apply to primary wine tasting facilities, and not operations that  
 46 are accessory to a primary business (such as the wine tasting bar at All Seasons  
 47 Restaurant).

Regulatory Options	
A. Applicability	1. Apply regulations to all properties in the Downtown Commercial Zoning District 2. Apply only to properties on Lincoln Avenue between Foothill and Fair Way (i.e., exclude Tank Garage on Foothill Blvd. and Olabisi on Washington Street) 3. Apply only to facilities that front on and are visible from Lincoln Avenue (e.g., exclude those that are located upstairs or within The Depot)
B. Numerical Cap	1. Limit the total number of downtown wine tasting facilities 2. Count multiple wineries that share a building or site as a single facility (e.g., W.H. Smith Wines/Up Valley Vintners, On The Edge/Vermeil Wines)

C. Minimum Separation	1. Require a minimum separation between wine tasting facilities (e.g., 500 feet) 2. Count multiple wineries that share a building or site as a single facility
D. Inclusion of Secondary Retail	Require the inclusion of a secondary unique retail use
E. Use Permit Revocation	Initiate revocation of use permits for wine tasting facilities whose use is discontinued for more than 180 days

48 **PLANNING COMMISSION INPUT:** It was the consensus of the Planning  
49 Commissioners in attendance at its August 12th meeting that wine tasting facilities are  
50 not currently overrepresented in the downtown. However, the Commission expressed  
51 support for a policy that would encourage the inclusion of unrelated retail in larger  
52 tasting facilities fronting Lincoln Avenue in order to provide diversity in the downtown.

53 **APPLICABLE COUNCIL GOALS:** Goal 1 of the City Council Goals and Objectives for  
54 FY 15/16 seeks to maintain and enhance the economic vitality of the community.

55 **FISCAL IMPACT:** Limiting the establishment of wine tasting facilities could have a  
56 negative effect on the City's revenues if the regulations result in vacant spaces if there  
57 is insufficient demand for other types of commercial uses. Requiring the inclusion of  
58 secondary retail in tasting facilities could increase revenue generated by sales taxes.

### **ATTACHMENTS**

1. Map of downtown wine tasting facilities
2. Excerpt from August 12, 2015 Planning Commission minutes