Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead

August 25, 2008

Bruce W. McClendon FAICP
Director of Planning

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Bruce W. McClendon, FAICP
Director of Planning

SUBJECT: REPORT PERTAINING ON STATUS OF THE JUNE 10, 2008 BOARD MOTION DIRECTING EVALUATION AND RECOMMENDATION OF TITLE 22 REGULATIONS REGARDING WINERIES

On June 10, 2008, your Board directed this Department to evaluate current zoning regulations pertaining to wineries and related uses and report back in 60 days with recommendations for modifying the Zoning Ordinance to facilitate the development of small businesses while maintaining the quality of life for nearby residents.

Attached please find our recommendations for consideration. If you have any questions on this matter please contact Mitch Glaser at *mglaser@planning.lacounty.gov* or (213) 974-6476 between the hours of 7:30 a.m. and 6:00 p.m. Monday through Thursday. Our offices are closed on Fridays.

BWM:MWG:eh

Attachment

WINERY REPORT

EVALUATION OF CURRENT ZONING AND RECOMMENDATIONS

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LOS ANGELES COUNTY
DEPARTMENT OF REGIONAL PLANNING

BACKGROUND

On September 26, 2000, the Los Angeles County Board of Supervisors adopted a wineries ordinance that permitted vineyards to have an on-site "boutique" winery and expanded the zones in which wineries could locate. This ordinance re-allowed property owners restricted from producing wine since Prohibition to engage in a local activity stretching back to the earliest days of the Spanish settlers in the 1700s. Because of concerns that a rapidly expanding winery industry in the County could overwhelm water resources and harm hillsides, the standards established in 2000 were designed to be restrictive, requiring full public hearings for all but the most limited types of small scale production. County vineyard and winery owners, after experiencing the permitting process over the past 8 years, recently petitioned the County to re-visit the ordinance and consider changes intended to eliminate significant barriers for small businesses. Responding to this request, on June 10th 2008 the Los Angeles County Board of Supervisors approved the following motion:

> "The wine-making industry in the County of Los Angeles has become a major economic engine in the State of California. A recent study found that the industry employs more than 300,000 people in California and provides wages of more than $10 billion each year. The industry attracts nearly 20 million visitors annually, generating $2 billion in tourist expenditures. This expanding industry provides tangible benefits to Los Angeles County's unincorporated communities, especially those in the Antelope Valley.
>
> The County's Zoning Ordinance regulates wineries in order to mitigate potential impacts upon surrounding communities. However, those regulations should not discourage small business owners from investing in our unincorporated communities. For example, the Zoning Ordinance prohibits of wine-tasting rooms in commercial zones, requires a full Conditional Use Permit (instead of a Minor Conditional Use Permit) for wineries, and restricts minimum lot sizes and maximum production capacity for wineries. These regulations should be amended to facilitate the development of small businesses while maintaining the quality of life for nearby residents.
>
> I, THEREFORE, MOVE that the Board of Supervisors instruct the Director of Planning to evaluate current zoning regulations pertaining to wineries and related uses, including but not limited to the provisions mentioned herein, make recommendations on modifying the Zoning Ordinance, and report back to the Board within 60 days."

The full process of wine production requires three distinct types of activities regulated by Title 22 of the Los Angeles County Code. Initial agricultural activities produce grapes, berries or other fruit. These agricultural activities give way to industrial activities as berries and fruits are processed to crush, strain, and ferment the liquid. The fermentation process includes the storage of the fermenting liquid and the resulting product; wine is then bottled. Bottled wine is then sold by the winery through commercial activities, either to wholesalers or to individual customers. Wine must pass through these three activity phases, generally regulated as three distinct land uses and usually located in distinct land use zones: agricultural, industrial, and commercial. In addition, as an alcoholic beverage, the production

and sale of wine is subject to other layers of regulation in the form of State and local licenses and permits.

Currently, the County Code addresses the complex issue of wine-related land use through a primary focus on the industrial processing facilities for wine: wineries (defined in the County Code as "facilities used for processing grapes into wine, which processing may include bottling, aging, storage, or shipping of wine"). Conversations with current and aspiring winegrowers in Los Angeles County indicate that this focus has created significant regulatory barriers for small wine production, especially for wineries wishing to offer wine-related visitor serving uses that enable small wineries to make a profit. This report outlines the current process and suggests modifications that will simplify expenses and requirements for small wine producers while still allowing for balance with the needs of surrounding communities.

CURRENT PROCESS AND PERMITTTING

Current Permitting Standards for Wineries in Title 22:

The County Code permits wineries in Agricultural, Industrial and Resort and Recreation Zones. The permitting standards and procedural requirements vary between individual zones and uses, as outlined below. For further clarification, a visual representation of the permitting process for wineries is provided in Figure 1.

Agricultural:

- **A-1** (22.24.100) Requires a winery-specific Conditional Use Permit (22.56.225).
- **A-2** (22.24.140) **& A-2-H** (22.24.220) Requires a winery -specific Director's Review (22.56.1763) or a winery-specific Conditional Use Permit (22.56.225)

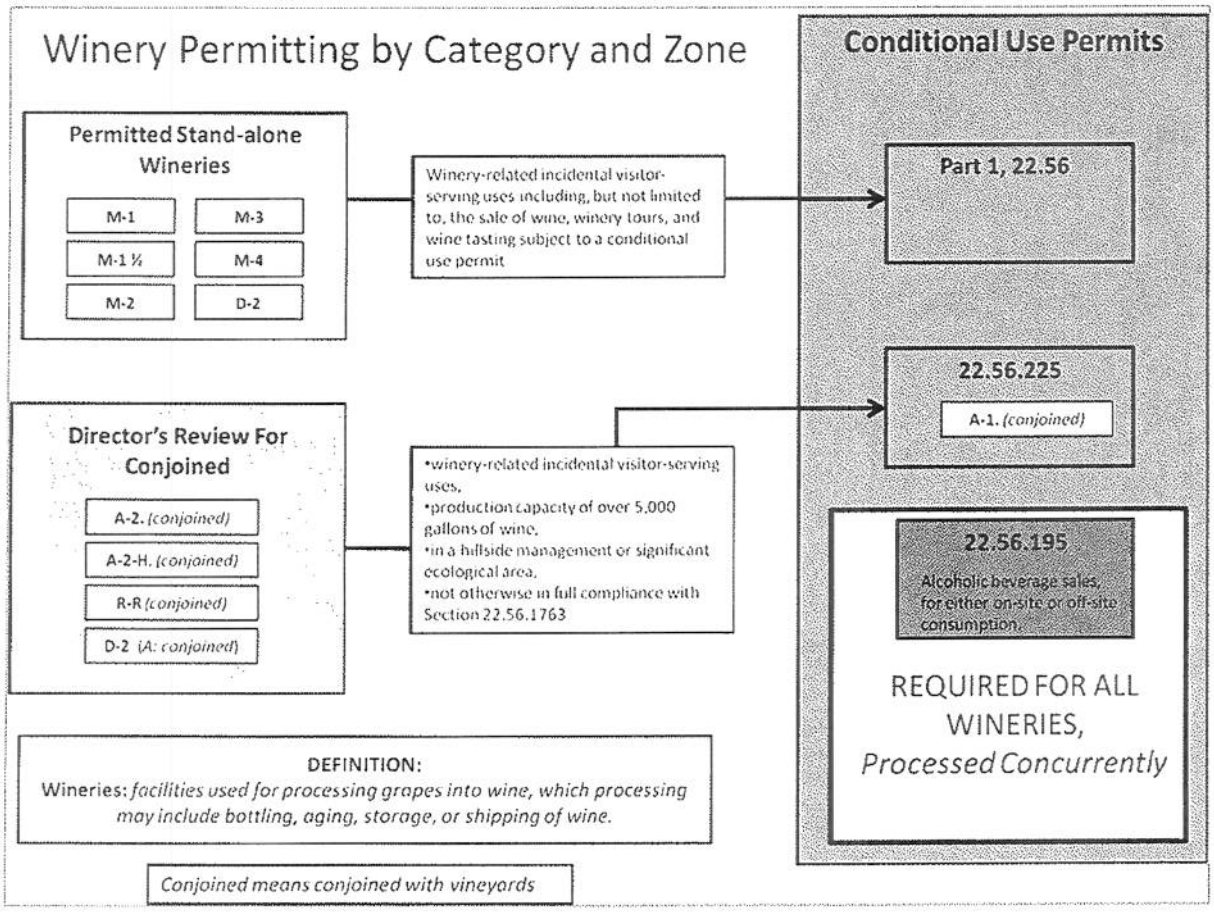
Industrial:

- **M-1, M-1 ½, M-2, M-3, M-4 and D-2** (22.32.040) Permits wineries as-of-right, except that winery related incidental visitor serving uses are subject to a Conditional Use Permit. "Winery-related incidental visitor-serving uses" include, but are not limited to, the sale of wine, winery tours, and wine tasting.

Resort and Recreation

- **R-R** (22.40.210) Requires a winery-specific Director's Review (22.56.1763) or a winery-specific Conditional Use Permit (22.56.225)

Figure 1


Winery Permitting by Category and Zone
Conditional Use Permits
Permitted Stand-alone Wineries
M-1
M-3
M-1 ½
M-4
M-2
D-2
Winery-related incidental visitor-serving uses including, but not limited to, the sale of wine, winery tours, and wine tasting subject to a conditional use permit
Part 1, 22.56
22.56.225
A-1. (conjoined)
Director's Review For Conjoined
A-2. (conjoined)
A-2-H. (conjoined)
R-R (conjoined)
D-2 (A: conjoined)
•winery-related incidental visitor-serving uses,
•production capacity of over 5,000 gallons of wine,
•in a hillside management or significant ecological area,
•not otherwise in full compliance with Section 22.56.1763
22.56.195
Alcoholic beverage sales, for either on-site or off-site consumption.
REQUIRED FOR ALL WINERIES,
Processed Concurrently
DEFINITION:
Wineries: facilities used for processing grapes into wine, which processing may include bottling, aging, storage, or shipping of wine.
Conjoined means conjoined with vineyards

The County Code permits wineries in Agricultural Zones through a series of standards intended to ensure that they will be secondary to, and supportive of, agricultural uses. These standards are consistent with the guidelines of the General Plan and Draft General Plan, both of which note that agricultural land is a diminishing resource in need of protection. There are a number of standard requirements within the winery-specific Director's Review and the winery-specific Conditional Use Permit which state that wineries in Agricultural Zones must:

- Operate in conjunction with existing vineyards owned or leased by the applicant(same or adjacent parcels, unless modified by director or hearing officer),
- Be not less than 5 acres in size, calculated by the total area of conjoined winery and vineyard parcels, and excluding all slopes of 50% or greater.
- Source at least 50% of the grapes used in their wines from designated conjoined vineyards.
- Locate all winery structures, visitor serving uses and private waste disposal systems 50 or more feet from exterior lot lines, and 100 feet from any stream bank, and design and locate all structures to minimize adverse impacts to adjoining property and nearby streams.
- Prohibit amplifled sound and/or live music and limit sound levels of winery operations and visitor-serving uses to the maximum noise standards for residential properties (12.08.390)
- Provide parking and loading provided as set forth in Part 11 of Chapter 22.52

The winery-specific Director's Review and winery-specific Conditional Use Permit have differing requirements for development standards, noticing requirements, and fees and application materials, as illustrated in the following two tables. For comparison purposes, the second table also includes the permitting requirements for Minor Conditional Use Permits, which are not currently used to process winery applications.

Table 1: Difference Between Winery-specific Director's Reviews and Winery-specific Conditional Use Permits

Director's Review	Conditional Use Permit
Winery's conjoined vineyard parcels may be located up to a 1 mile distance, at discretion of the Director.	Winery's conjoined vineyard parcels may be located up to a 5 mile distance, at discretion of the Hearing Officer, but not within 1 mile of the Santa Monica Mountains National Recreation area.
Annual production capacity no greater than 5,000 gallons of wine.	Annual production capacity no greater than 50,000 gallons of wine.
Prohibits winery related incidental visitor serving uses such as, but not limited to, sale of wine, winery tours, wine tasting, events, and food service.	Permits winery related incidental visitor serving uses including, but not limited to: (a) the sale of wine produced on the premises; (b) winery tours and wine tasting by appointment only; (c) noncommercial social activities; and (d) noncommercial food service.
Operating hours of the winery shall be between 7 a.m. to 7 p.m., except that during the harvest season operating hours shall be as specified by the Director.	Operating hours of the winery and, where applicable, visitor-serving uses shall be as specified in the conditions of the permit, recognizing the unique requirements of winery operations during the harvest season.
Prohibits signage that advertises the winery.	

Table 2: General Requirements of Director's Reviews, Minor Use Permits and Conditional Use Permits

Director's Review	Minor Use Permit	Conditional Use Permit
FEES		
$718 **$953** Commercial and Industrial sites where site plan has 20,000 or more sq ft of gross floor area.	**$999**	**$5546** plus: **$271** for Fire Department referral, plus **$147** for every revision **$161** for referrals to Department of Public Health where public water and/or sewers are available **$545** for referrals to Department of Public Health where private water and/or sewers are available **$891** for noise reviews **$458** if referred to the Department of Parks and Rec., plus **$259** for each revision
APPLICATION REQUIREMENTS:		
Names, address and proof of right to apply. The director may : A. Require a site plan for any application for Director's Review.		Names, address and proof of right to apply. Legal description of the parcel, nature of requested use, nature of adjacent uses, area and

Director's Review	Minor Use Permit	Conditional Use Permit
B. Require such other forms and documents as necessary to determine compliance, or any conditions that may be specified. C. Require such supplemental information or material as may be necessary, including revised documents. The application to the director shall provide site plan showing the existing topography of the subject property and delineating any land having a slope of 50% or more.		dimensions, location of all structures and facilities, the dimensions and state of improvement of adjoining streets and highways, any other permits secured. Maps as required by the director, some of which must show the all the characteristics required above and indicating the uses established on every lot and parcel of land shown within 500 ft radius. A list of all persons owning parcels within 500 feet of exterior boundaries of the parcel. Proof that water will be available in required pressures and quantities-(Proof is either certification by water supplier signed by forrester and fire warden or certificate from the county engineer). Director may waive one or more of the above. Other information as the director may require.
BURDEN OF PROOF:		
	Applicants must substantiate that:	
	The proposed use will be consistent with the adopted general plan for the area	
	That the requested use will not adversely affect health, peace, comfort or welfare of persons residing or working in the surrounding area, Be materially detrimental to the use, enjoyment or valuation of property of other persons located in the vicinity of the site Jeopardize, endanger or otherwise constitute a menace to the public health, safety or general welfare	
	The site is adequate in shape and size to accommodate development features prescribed in Title 22 or otherwise required in order to integrate the use with the surrounding area	
	That the proposed site is adequately served: a. by highways or streets adequate to carry the kind of use and quantity of traffic generated by the project b. by other public or private facilities as required.	
	Adequate water supply. If it appears that the use will require a greater water supply for adequate fire protection than does either the existing use or any use permitted without a CUP, in the same zone and will not comply with the provision of Division 1 of Title 20 of this code, such facts shall be prima facie evidence that such requested uses will not comply with the provisions of Section 222.56.090	
NOTICING*:		
Notice shall be sent to all persons who own property adjacent to the exterior boundaries of the property, provided that the closest point of the winery is within 500 ft or less of the adjoining property, occupants where owner's address differs from adjacent property, and	Notice of application to be mailed to all addresses within 300 ft, which describes the project and indicate that any individual may request a public hearing on the application by filing a written request with the director within 14 calendar days	Notice shall be sent to all persons who own property adjacent to the exterior boundaries of the property, up to 500 ft, occupants where owner's address differs from adjacent property, and other

Director's Review	Minor Use Permit	Conditional Use Permit
other persons that might, in the director's judgment be affected by proposed use and indicate that any individual may express written opposition to the director within 15 days following the notice receipt.	following the notice date.	persons that might, in the director's judgment be affected by proposed use and indicate that any individual may express written opposition to the director within 15 days following the notice receipt.
The director shall deny the application in cases where two protests to the application are received.	Unless 2 requests for public hearing are filed, the permit may be granted without a hearing, subject to the conditions required in Section 22.56.090 and any applicable requirements of Chapter 22.52, and the impacts on safety, facilities and services and natural resources are minor in nature.	The director may deny the application in cases where two protests to the application are received.
ADDITIONAL CONDITIONS IMPOSED WHEN:		
No conditioning: denial/approval only.	The hearing officer, in approving an application for a CUP, may impose such conditions as deemed necessary to insure that such use will be in accord with Section 22.56.090 conditions imposed by the hearing officer may involve any pertinent factors affecting the establishment, operation and maintenance of the requested use.	

* A 1,000 foot radius is required in certain areas, including Avocado Heights, Workman Mill, South San Gabriel and the Fifth Supervisorial District.

Alcoholic Beverage Sales Conditional Use Permit

The County Code requires a Conditional Use Permit for alcoholic beverage sales for on-site or off-site consumption. There are five required determinations that must be made prior to approval of an Alcoholic Beverage Sale Conditional Use Permit. Two of these determinations are related to potential adverse impacts to the welfare of the surrounding community; alcohol beverage sale uses must not impact any places used exclusively for religious worship, schools, park, playground or similar located within 600 feet and provide a "sufficient buffer "in relation to any residential area within the immediate vicinity. The three other determinations are related to economic impacts; alcohol beverage sale uses must not lead to "undue concentrations of similar premises", adversely affect the economic welfare of the nearby community, or have exterior appearances which are inconsistent with the "exterior appearance of existing structures, so as to impair property values within the neighborhood."

The State of California reserves a similar right to refuse a license for alcohol beverage sales that might adversely affect local population, stating "the department shall deny an application for a license if issuance would tend to create a law enforcement problem or if the issuance would result in or add to an undue concentration of licenses", where "undue concentrations are applications for licenses in a law enforcement district which reports a 20% greater number of crimes than the jurisdictional average, or in census tracts where the ratio of licenses to population exceeds the county average."

The incorporated City of Lancaster within Los Angeles County has exempted "wine tasting and sales facilities operated as an accessory use (either on or off-site) to a legally operating winery under a Type 2 license" from its requirement that all alcoholic beverage sales require a Conditional Use Permit. In its report to the Lancaster Planning Commission, staff recommended this exemption because "[s]taff feels that the restrictions and oversight of the Type 2 license, as opposed to the more general sales licenses are sufficient that ancillary tasting and sales functions do not require the same level of public review." [1]

Wine Definitions

The California State Alcohol Beverage Control does not define the term "winery". For the purposes of the State, "Type 2" licensing related to wine production is tied to the persons engaged in production of wine, labeled as "winegrowers." A winegrower is defined as, "any person who has facilities and equipment for the conversion of grapes, berries or other fruit into wine, and is engaged in the production of wine. " All persons producing less than 200 gallons of wine per year for personal consumption are not considered winegrowers.

The California State Alcoholic Beverage Control Code defines wine as, "...the product obtained from normal alcoholic fermentation of the juice of sound ripe grapes or other agricultural products containing natural or added sugar..." This definition allows for a winegrower to also produce wine from berries and fruits such as raspberries, strawberries, pears and apples. In contrast, the County indirectly defines wine through its definition for wineries as "facilities used for processing grapes into wine, which processing may include bottling, aging, storage, or shipping of wine."

Sourcing & Production Limits

The County Code requires that at least 50 percent of the wine produced by agricultural wineries be sourced from grapes grown at designated vineyards within a radius of 1 to 5 miles. This requirement automatically caps the production capacity of a winery within the growth abilities of its individual property, potentially de-incentivizing economic growth and productivity for wineries unable to increase yields or acquire new agricultural lands within the specified radius. As winegrapes require significant upfront investment and take 3 to 4 years to mature, this sourcing requirement places a 3 to 4 year waiting period on any form of winery profit separate from grape profits.

A report on Napa County's wine industry highlights the potential gains of unlimited sourcing requirements, noting that, due to production of high-end wines, Napa produces only 4% of California wines by volume but generates 27% of the sales value of California wines. Many millions of Napa

[1] Lancaster Staff Report: Alcohol Ordinance, November 19, 2007

appellation[2] wine sales revenues (estimated to exceed $2.3 billion) are generated by wine produced in Napa with grapes from other regions.[3]

In addition to the sourcing limit, the County Code contains a cap on winery production. Conjoined agricultural wineries have a production limit of 5,000 gallons of wine under the winery-specific Director's Review and a production limit of 50,000 gallons of wine under the winery-specific Conditional Use Permit. Industrial zones also have a production limit of 50,000 gallons, if they become subject to a Conditional Use permit by offering visitor serving uses. Staff has received requests to reconsider these limits and to translate production standards into cases; a measurement commonly used for wine, where one case equals 2.5 gallons. The 5,000 gallon cap, when translated into cases amounts to 2,500 cases per year; placing the Department's limit on the low side of the wine production range.

Research into surrounding jurisdictions and wine industry publications indicates no single generally accepted standard for winery size ranges. For example, Wine Business Monthly defined small wineries as "producing fewer than 50,000 cases per year", medium wineries as "producing between 50,000-500,000 cases per year" and large wineries as "producing 500,000+ cases per year."[4] Other sources suggest categorizing "micro wineries" and setting the sizes in the following order: micro, less than 1,500 cases; small, between 1,500-17,500 cases; medium, 17,500-75,000 cases; and large, greater than 75,000 cases.[5] Generally, the definition of a small winery tends to fall within a range between hundreds of cases to tens of thousands of cases. Nationally collected wine industry statistics from 2005[6] demonstrate that the great majority of wineries (72.6%) fall into a range of production below 10,000 cases per year:

Percent	Size
20.4	1,500 cases or fewer
28.5	1,501 - 4,000 cases
23.7	4,001 - 10,000 cases
18.7	10,001 - 40,000 cases
6.2	40,001 - 100,000 cases
2.5	more than 100,000 cases

Natural Hazards, Slope and Environmental Issues

Vineyards and wineries may negatively impact sensitive environmental resources, especially in areas that contain steep, easily destabilized terrain, restricted vehicle access, and highly bio-diverse

[2] Appellations are an official designation used to label where wine is produced.
[3] MFK Research. "Economic Impact of Wine and Vineyards In Napa County 2005". pg 3
[4] Lindroos, Wendy. "2004 Barrel Report: Medium and Large Wineries Increase Use of Barrel Alternatives and American Oak, Small Wineries Continue to Favor French Barrels", November 15, 2004 Wine Business Monthly Volume XI Number 11
[5] Trebeck, David. "Pathways to Profitability for Small and Medium Wineries." Agribusiness Perspectives Papers. Paper 58. 2003
[6] "Winery Case Production Statistics." The Winery Website Report. http://blog.winerywebsitereport.com. June 23, 2005

areas providing habitat to rare and endangered species, and are subject to a number of regularly occurring natural hazards such as wildfires, erosion, and flash floods, such as the Santa Monica Mountains National Recreation Area.

In order to counteract these potential negative impacts, winery regulations in the County Code, sets strict standards to prevent impacts to water quality, and subjects all visitor serving uses to a Conditional Use Permit. Additionally, areas of 50% slope or greater are excluded from the minimum lot size calculation for conjoined agricultural wineries. The County Code also requires discretionary approval for most uses in Significant Ecological Areas, areas of 25% slope or greater, and for all trimming and removal of Oak trees, providing broad protection of many of the environmentally sensitive areas within Agricultural Zones.

In the time since the wineries ordinance was adopted in 2000, the wine business has also become increasingly more sensitive to environmental issues. As fuel and water costs rise and environmental practices for irrigation and pest management grow more cost-effective, wineries have moved away from the use of heavy machinery. The wine industry actively researches best management practices and instructs winegrowers on how to produce in an environmentally responsible manner. *The Impact of Wine, Grapes and Grape Products on the American Economy 2007* states that "perhaps the most significant movement to emerge among grape and wine producers in the last decade has been sustainability: the industry-led adoption of grape growing, grape processing and wine making practices, to conserve natural resources, protect the environment, and enhance relationships with employees, neighbors and local communities."[7]

Minimum Lot Size

County winegrowers have requested that staff consider lowering the minimum required lot size for wineries in Agricultural Zones from 5 acres to 2 acres in order to permit smaller operations. Staff's research suggests that there are several factors to consider in determining whether this change would be appropriate. The primary factor is whether vineyards of 2 to 5 acres in size can support a commercially viable winery operation. The 5 acre minimum was established in 2000 after the research of staff suggested vineyards smaller than 5 acres wouldn't be able to grow wine grapes in quantities large enough to operate a winery. This assumption may now be incorrect, as the trend towards high end wines means that boutique labels can command very high prices per bottle for high quality wine.

Staff's research indicates there is no accepted industry standard to determine the overall productivity and volume of grapes per acre, as different planting arrangements, vine cultures, and local climates and methods all affect the volume of grapes produced. Small wineries have developed a number of entrepreneurial techniques for wine processing that help lower the overall financial and equipment investments required for the manufacturing end of wine production. For example, small

[7] MFK Research. "The Impact of Wine, Grapes and Grape Products on the American Economy 2007". Page 18

winegrowers have established cooperative winery facilities used by several labels or make use of State licensed mobile crushing and bottling operations. Conversations with winegrowers in recent years suggest that these techniques could allow a vineyard owner to establish a small but commercially viable boutique winery on a limited acreage.

Visitor Serving Uses & Tasting Rooms

The addition of visitor serving uses adds complexity and cost to the process of establishing or expanding a winery, as they require a Conditional Use Permit, costing $5,546, while revisions, reviews by other Departments, and noise reviews that may be part of the conditions imposed on visitor serving uses entail additional costs. These costs impede a small family-run vineyard from transitioning into a successful wine business because of the significant upfront investment to plant vines and the long maturation period. Several other pressures affect small wineries in California, including competition from international wines, the increasing consolidation of independent retail wine wholesalers, slim profit margins, and labor shortages.[8] Research indicates the main way that small wineries stay in business is by creating brand loyalty and recognition through direct sales to customers, "especially visits to the winery"[9] but this ability to operate profitably may be barricaded through "...complex compliance obligations or costly permit fees that may be a challenge to wineries without the appropriate personnel or monetary resources."

Wine tasting rooms located in wine production regions are currently a growth industry. It was estimated from partial data that there were at least 27 million visits to wineries nationally in 2007 and that California's approximately 19.7 million winery visits in 2005 generated an estimated 2 billion dollars in tourism expenditures .[10] The wine industry points out that wine tourism is part of the growing connection that Americans have with wine, as "wineries are remarkably effective magnets for tourism. America's new 'experiential consumer' is particularly attracted to the personal connections, artisanal atmosphere, rural environment and beauty of California's wineries and vineyards,[11]" and that wine tourism provides "a major economic stimulus to weakened rural economies" while "maintaining agricultural traditions and quality of life." Wine tourism provides tangible economic benefits; in 2005 California wine and wine- related business and services paid almost 3.2 billion dollars in state and local taxes, and it is worth noting that the wine business is committed to the regions it locates in, unlike service based industries that can relocate. [12]

Other counties in California have found that there are several important considerations to be made concerning the potential impact of wine tourism in Agricultural Zones on nearby residents. In San Diego and Placer Counties, concerns have been raised that winery events could create land use conflicts

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[8] MFK Research. "Report on Economic Impact of California Wine 2006" Updated January 2007. pg 14
[9] MFK Research. "Report on Economic Impact of California Wine 2006" Updated January 2007. pg 25
[10] MFK Research. "The Impact of Wine, Grapes and Grape Products on the American Economy 2007." pg 20
[11] MFK Research. "Report on Economic Impact of California Wine 2006" Updated January 2007 pg 6
[12] MFK Research. "Report on Economic Impact of California Wine 2006" Updated January 2007 pg 6

by generating noise, increasing traffic, or leading to reckless driving caused by wine consumption.[13] Therefore local governments must establish thresholds for wine tasting and visitor serving uses, which involve highly variable activities. These activities range from tours of small wineries followed by tasting in a 400 square foot tasting room during business hours, to wedding chapels, bed and breakfasts, and conference centers, such as those found in Napa and Sonoma Counties.

RECOMMENDATIONS:

Given the initial expenses and the tight profit margins for small wineries, the costs associated with Conditional Use Permit reviews and revisions are a significant disincentive for winery investment. Additionally, the most restrictive and expensive permitting requirements for wineries are applied when they wish to offer visitor serving uses, despite the fact that the competitiveness of a small winery may depend on direct and "experiential" sales to visiting consumers. Therefore staff recommends that the County Code be modified to ease the requirements and permitting processes for wineries while continuing to ensure that they are compatible with their surroundings. These modifications are divided into two categories: changes to processes (referring to the overall permitting procedures for wineries and allowable zoning) and changes to standards (referring to specific definitions or clauses within the conditions for wineries which might be adjusted).

Changes to Processes:

Commercial Tasting Rooms and Visitor Serving Uses

Staff recommends that the County Code provide definitions for retail tasting rooms and visitor serving uses. Staff also recommends that wineries be permitted to have a modest level of signage and limited on-site retail tasting rooms, sales, and wine tours during business hours under a Minor Conditional Use Permit in Agricultural and Industrial Zones; that industrial wineries be permitted in the C-M (Commercial Manufacturing) Zone; and that retail tasting rooms and sales operated in conjunction with an existing winery be permitted under a Minor Conditional Use Permit in Commercial Zones.

Permitting Procedure and Requirements

Staff recommends that wineries be permitted in the A-2 (Heavy Agriculture Zone) as of right, subject to the conditions and oversight of the State Department of Alcoholic Beverage Control, because the use is similar to fruit and vegetable packing plants, linseed, cottonseed and coconut oil processing plants, and dairies (including the processing and sale of dairy products from milk produced on the premises), which are all permitted as of right in this zone. Staff also recommends that wineries be permitted in the A-1 (Light Agriculture Zone) under a Minor Conditional Use Permit to ensure proper review and sensitivity to surrounding residents. Limiting the percentage of the site area devoted to

[13] Vellinga, Mary Lynne. "Grappling with Vintners' Growth" the Sacremento Bee, March 11th, 2008
Eastman, Quinn. "Ramona growers seek tasting rooms near vineyards." North County Times. July 22, 2007.

winery facilities, permitting the use of mobile processing trucks and co-operative winery facilities, and allowing conjoined tasting rooms in commercial zones may be used as measures to ensure that wineries remain as a supportive secondary use that enhances and protects the County's shrinking agricultural lands.

Alcoholic Beverage Sales Conditional Use Permits

Staff recommends that retail tasting rooms and sales be exempt from the County Code's requirement of a Conditional Use Permit for alcohol beverage sales, provided that a Minor Conditional Use Permit is obtained and that such uses adhere to specific requirements for parking, server training, and noise generation. The intent of the Conditional Use Permit requirement for alcohol beverage sales is to avoid creating law enforcement issues and economic devaluations that may be caused by clusters of bars and liquor stores, primarily in already troubled areas. Because of the nature of wine tasting and retail sales at boutique wineries, the effects of winery concentrations are different, as conjoined vineyard and wineries are often cited as a use which greatly enhances the economic vitality and scenic character of rural areas. Furthermore, wineries and other alcohol tasting rooms tend to bring experiential customers interested in education about high quality and unique beverages, and Type 2 licenses issued by the State limit tastings to a maximum quantity of three ounces of wine per customer. This recommendation is consistent with the wineries ordinance adopted by the City of Lancaster in 2007.

Changes to Standards:

Wine Definitions

Staff recommends that the definition of wineries in the County Code be made consistent with the State's definition of wine as the product derived from fermentation of agricultural products containing natural or added sugar. While the majority of wine is made from grapes, many areas of Los Angeles County grow other fruits and berries, especially stone fruits which may be showcased in local wines.

Sourcing & Production Limits

Staff recommends elimination of the County Code's requirement that at least 50 percent of the wine produced by agricultural wineries be sourced from grapes grown at designated vineyards within a radius of 1 to 5 miles. A sourcing requirement for an agricultural product is not reasonably enforceable. Unless full time monitors are posted at all entrances to a winery and on every vine, County officials cannot determine if grapes or other agricultural products used to produce wine were obtained from external sources, and the multiple years required to produce wines further complicates any attempt to monitor sources. In addition, grape importing can inject a higher level of revenue into wine production,

which may support growers during the three to four years required for the maturation of harvestable wine grapes (longer in the case of orchard fruits) The intent behind the 50 percent source requirement was to ensure that vineyards remain the main use in Agricultural Zones, with wineries and visitor serving uses serving as a secondary use that supports growers, but staff feels other requirements, such as limitations on the percentage of the site area devoted to winery facilities, can address this issue.

Staff recommends the following production limits: 5,000 cases for conjoined wineries in the A-2 (Heavy Agriculture Zone) that are permitted as of right; 10,000 cases for conjoined wineries in Agricultural Zones that are permitted through a Minor Conditional Use Permit; and no limit for industrial wineries in Industrial Zones. The existing 5,000 gallon limit on agricultural wineries is equal to 2,500 cases, production levels equivalent to a very small (micro) or boutique winery by most standards. This recommendation is consistent with regulations in other Counties; for example, in San Diego County work is being undertaken to create an ordinance allowing for boutique wineries producing as much as 4,800 cases per year and in Santa Barbara County, which has a thriving but sensitively rural wine industry, inland wineries are permitted to produce up to 20,000 cases per year (Coastal wineries are limited to 10,000 cases per year and require a Coastal Development Permit from the California Coastal Commission), with each 1,000 cases requiring two acres of planted vineyards.

Minimum Lot Sizes

Staff recommends that the minimum required lot size for wineries in Agricultural Zones be lowered to 2 acres. County winegrowers are confident that 2 acre lots are capable of supporting wineries given the current economic climate for wine and the growing availability of state licensed mobile bottling and crushing operations. Lowering the minimum lot size requirement will enhance the value of local products in a manner that strengthens regional agricultural production, a goal of the County General Plan, and the directive of the Board to identify and remove barriers to small business development.

Natural Hazards, Slope and Environmental Issues

Staff recommends that standards intended to minimize the potential for hillside erosion and adverse impacts on water quality be retained and that studies be undertaken to consider enhancing protections if necessary. One issue requiring further study is whether calculations for minimum lot size in conjoined agricultural wineries ought to be furthered lowered from the existing exclusion of slopes greater than or equal to 50%.

SUMMARIZED RECOMMENDATIONS

The following chart summarizes staff's recommendations:

	Commercial Tasting Rooms	Agricultural/Conjoined Wineries *(2 acre minimum lot size)*	Industrial/Stand Alone Wineries
Zones	C-2, C-3, C-M	A-1, A-2, A-2H R-R, D-2	M-1, M11/2, M-2, M-3, M-4, D-2, C-M
By Right	• Not permitted.	• Excludes A-1. • No more than 5,000 cases per year. • No visitor serving/public retail of alcohol. Sales only to other holders of state liquor licenses for sale. • No visitor serving/public retail uses. • Percent limitation on area used for winery structures and facilities. • 7am to 7pm or sunset (whichever is later) operating hours, with exception for harvest hours	• Unlimited cases per year. • No visitor serving/public retail of alcohol. Sales only to other holders of state liquor licenses for sale. (Ex. restaurants, bars and wholesalers)
Minor Conditional Use Permit	• Linked to an existing permitted winery. • 10 am-5pm business hours, unless longer hours are specified in permit. • All servers complete an Alcoholic Beverage Control approved responsible server course. • May host events and sell merchandise at discretion of staff, subject to availability of proper parking, noise levels, etc.	• Required for A-1. • No more than 10,000 cases per year. • Permitted tours, tastings, limited small scale visitor/public retail use. • Road access sufficiently improved and approved by public works/fire. • Noise limits, limited parking, 10am-5pm visitor serving business hours unless longer hours are specified in permit. • May host events and sell merchandise at discretion of staff provided that uses are clearly secondary to and supportive of agricultural and production uses. • All servers complete an Alcoholic Beverage Control approved responsible server course.	• Permitted tours, tastings, limited small scale visitor/public retail use. • Road access sufficiently improved and approved by public works/fire, • Noise limits, limited parking, 10am5pm visitor serving business hours unless longer hours are specified in permit. • May host events and sell merchandise at discretion of staff, provided that uses are clearly secondary to and supportive of production uses. • All servers complete an Alcoholic Beverage Control approved responsible server course.
Conditional Use Permit	• No set limits. Conditions imposed by discretion of staff, Regional Planning Commission and BOS.	• Greater than 10,000 cases per year. • Regular facilities for large events, private tasting cellars, food service.	• Regular facilities for large events, private tasting cellars, food service.