

Lenzi, Chelsea

From: Angela Slater <amsgrandmeadows@gmail.com>
Sent: Wednesday, November 02, 2016 10:41 AM
To: sbcob; Farr, Doreen; SupervisorCarbajal; Wolf, Janet; Adam, Peter; Lavagnino, Steve; Lackie, David
Subject: Winery Ordinance

Dear Vice Chair, Doreen Farr and Supervisors,

I have attended almost seven years of meetings on establishing a Winery Ordinance. I have spent 100 of hours writing, speaking for a Balance for homeowners, residents/citizens and the demand for wine industry growth. I am private citizen/resident and no connection with the wine industry.

Yesterday I arrived minutes too late to enter my Request To Speak. Attached is my speech.

In addition, I am submitting my comments-questions-observations from yesterdays meeting and your final comments.

Let me say, that this wine industry can be an intimidating group. It is challenging to get up and speak as a minority at these meetings. There have been negative comments made to those of us that speak out, not necessarily completely against the wine industry growth, but for reasonable and responsible regulation of it. Recent Facebook posts criticizing residents "They should just move out of the Valley" - hence why many residents/citizens won't come to speak out and most don't even know that this Winery Ordinance is still on the agenda.

With the unprecedented upcoming 11/22 meeting is this going to be open for all residents/citizens to attend or is this a private meeting between the BOS and the Wine Industry? If you're going to assign a "task-force", can I apply? Are you going to assign a fair and equal group to represent this "task-force"?

I commend the Planning Commission, David Lackie and his entire dedicated staff on their meticulous drafting of the Winery Ordinance - to "throw it out" after 5.5 years and \$1,000,000 spent - please see my comments to today's AM Noozhawk

article:https://www.noozhawk.com/article/supervisors_continue_discussion_on_santa_barbara_county_winery_ordinance?utm_source=Noozhawk%27s+A.M.+Report&utm_campaign=3f7bf4665f-EMAIL_CAMPAIGN_2016_10_30&utm_medium=email&utm_term=0_cb376aba6e-3f7bf4665f-247122389

Below are my comments/observations you are faced with for implementing a winery ordinance moving forward:

Agriculture to now include: Wineries(agriculture) – Wine Tasting Rooms(marketing/commercial/retail) – Events(marketing/commercial/retail).

*How many SY residents/citizens are aware of the WO and the impacts, when implemented, it will have on their properties.

*How many Wineries-Tasting Rooms-Events (WTE) will be permitted in Santa Ynez in the future? Saturation or Balance?

*How will the County deal with the obvious challenges of WTE impact on neighborhoods – Noise, Increased Traffic, Loss of privacy/rural nature of their properties when tour busses, shuttles 100+ people/music descend daily for wine tasting and almost monthly next door? Remember, many Ag properties share driveways, easements with smaller parcels next door.

How will the County mitigate intrusion of WTE on neighborhoods with daily 80-100+ visitors or more if the wine industry gets what they want, which is no cap/regulation on daily visitors or attendees at their events.

What is the definition of Events on rural Ag properties that are tied to Wineries/Tasting Rooms? - Do events include weddings, non-winery affiliated parties/gatherings?

*How will WTE affect CETA

*How will WTE affect Williamson Act Properties

*How will WTE affect Santa Ynez General Plan

Santa Ynez Valley cannot be compared to San Luis Obispo, Paso Robles or even Napa. SY is a much smaller geographic area, with many of Ag1 properties that abut neighboring properties – defining why SY is unique/rural/beautiful because of the mixture of Agriculture/rural properties next to residential neighborhoods.

Balancing WTE into Rural Ag – Maintaining/sustaining the rural nature of SY as defined in CETA, Williamson Act, SY Community Plan.

Re-Defining the fundamental core of Agriculture into:

Agriculture + Industry + Marketing/Retail

Shouldn't this major change in defining Agriculture for wine industry growth be voted on by the general mass and not just County staff members?

Thank you, Angela Slater Ballard Canyon Road, Solvang

Farr, in whose district most of the rural Santa Ynez Valley winery properties are located, noted that the wine industry faces unique zoning challenges because it utilizes several zoning categories: agricultural for vineyards, industrial for wineries and commercial for tasting rooms.



Members of the Santa Barbara County wine industry packed the board hearing room Tuesday at the Santa Maria Board of Supervisors' meeting to discuss the proposed winery ordinance update. (Laurie Jervis / Noozhawk photo)

/caption

/article-top-image

Among the points of key interest to the wine industry are getting “winery events” defined in the ordinance, understanding the type of allowable events, “protections” for any grandfathered winery properties, defining vineyard tours and limits on the number of visitors to any winery, McLaughlin said.

The decree before the Board of Supervisors Tuesday followed the county Planning Commission's 4-1 vote on Sept. 19 in favor of updates compiled after nearly five years of workshops and public input solicited by the Planning and Development Department.

The goal in updating the ordinance, according to the department, is to promote “efficiency and clarity” in permitting of wineries and regulations regarding the number of tasting room visitors and special events at wineries, among other guidelines.

As they did during Planning Department hearings in May, June, July and September, members of county's wine industry passionately spoke against the proposed ordinance on Tuesday, calling the document flawed, extreme, short on

“understanding what our industry is about,” and prohibitive to young people hoping to launch winemaking careers.

For an updated ordinance, “members of the industry need to have their say,” said Chip Wullbrandt, an attorney who represents several wineries, among them Jonata Wines and Jackson Family Wines.

During Tuesday's meeting, many speakers praised the wine industry for the thousands of tourists it lures to Santa Barbara County each year, but cautioned that if the updated ordinance is enacted, the region would lose visitors to neighboring San Luis Obispo County.

Speaker Amy Fletcher, who described herself as a 15-year employee of the local wine industry, said that “winery employees sell this county” to visitors.

— *Laurie Jervis blogs about wine at www.centralcoastwinepress.com, tweets at @lauriejervis and can be reached via winecountrywriter@gmail.com. The opinions expressed are her own.*

you're now faced with for implementing a Winery Ordinance that should be fair, equal and benefit All residents/citizens in the Santa Ynez not just benefit the winery business. Of course, you know that.

Lenzi, Chelsea

From: Lackie, David
Sent: Wednesday, November 09, 2016 3:01 PM
To: sbcob
Subject: FW: Winery Ordinance Letter
Attachments: BOS Winery Letter.pdf

-----Original Message-----

From: John Duncan [<mailto:jldsiv@mac.com>]
Sent: Wednesday, November 09, 2016 2:54 PM
To: Lackie, David
Subject: Winery Ordinance Letter

David,

Please include the attached letter in the Board's packet for the Nov.22 meeting.

Thank You,
Lansing Duncan

Lansing Duncan
635 Aqueduct Way
Solvang, CA 93463

Board of Supervisors
Santa Barbara County
105 E. Anapamu Street
Santa Barbara, CA 93101

November 9, 2016

Dear Supervisors,

I am writing regarding the Wine industry's proposal to expand the entitlement of small acreage parcels under the Winery Ordinance update. Although the ordinance will have countywide implications, the Santa Ynez Valley is home to most of the County's wineries and for better or for worse, the Valley has been most affected by the development of wineries. As a former Third District planning commissioner and the chairman of the General Plan Advisory Commission (GPAC) during the Santa Ynez Valley Community Plan (SYVCP) process, I am very familiar with the issues the Winery Ordinance attempts to address and the range of parcels involved

I urge you to adopt the ordinance recommended by staff and the Planning Commission that recognizes the inherent problems of winery development on small parcels and reduces the potential for such impacts.

There are many five and ten acre parcels within the Inner Rural and Rural areas of the Santa Ynez Valley (See Figure 10, page 69, of the SYVCP) and there are numerous reasons why it is inappropriate to encourage development that exacerbates the recognized problems that accompany such development. In fact, expanding these entitlements is contrary to adopted policies regarding Existing Developed Rural Neighborhoods (that contain many of these small parcels), Greenbelts, Buffers and Scenic areas. Not to mention the obvious impacts to Traffic and Circulation, Water and Water Quality, Noise, Visual Resources (signage, lighting), etc.

It should be noted that all policies that support the expansion and intensification of agriculture are qualified with caveats such as "where conditions allow," "where appropriate," etc. That directive must be balanced with other considerations.

There is no evidence that vineyard or winery development has been overly hampered in the County. The acreage of vineyards has expanded dramatically since the early 1990s and the percentage increase in the number of wineries is far greater. If you don't believe the statistics, just look at one of the tall standards with a proliferation of white arrows directing people to wineries. The choices are currently mind-boggling. The number of visitors to the Valley who visit wineries, engage in wine tasting, or take part in events hosted by wineries, has similarly exploded.

Good planning should direct development towards those areas that can best support such development and the accompanying impacts, not toward smaller parcels that provide less buffering or inherently have less production in need of processing. These smaller parcels may support small vineyards, but the County is not obligated to permit wineries and their accompanying impacts on all of them, just as processing of other agricultural products (slaughter houses, coolers, etc.) is not permitted on every small parcel that supports livestock or grows produce. Similarly every parcel that supports horses is not necessarily an appropriate location for a commercial stable.

In the Santa Ynez Valley many of these small acreage parcels are essentially residential despite their Agricultural zoning. Many are contained within Existing Developed Rural Neighborhoods such as Rancho Estates or Meadowlark. The EDRN designation is intended to prevent further fragmentation of agricultural resources and the introduction of uses incompatible with surrounding agriculture. Indiscriminately encouraging development that overly expands essentially commercial visitor-serving uses to these EDRNs is problematic. Many of these EDRNs lack the infrastructure that might support more intense use. They rely upon septic systems, smaller roads, private water systems, etc.

Other small acreage agriculturally zoned parcels are found in the Inner Rural areas immediately surrounding the incorporated cities and unincorporated townships of the Valley. They adjoin Solvang and Buellton and they extend north of Santa Ynez and surround Ballard and Los Olivos. See Figure 10 of the SYVCP to see the broad swath of five and ten acre parcels that cover the heart of the Valley. It is insane to suggest all this acreage is appropriate for winery development and special events.

These areas make up the greenbelts and buffer zones that adopted policy supports: “The beauty of the land should be preserved by limiting urban sprawl and creating buffer zones to maintain the individual character of each town.”

If these parcels were to be covered with Winery development, parking lots, septic systems and facilities for public events, it will essentially constitute “urban sprawl.” The rural character of the Valley will be degraded and the acreage devoted to agriculture will be impacted.

The Environmental Impact Report for the SYVCP acknowledged that a number of major intersections would have unacceptable levels of service at buildout without major improvements. This analysis was done prior to the construction of the Chumash hotel tower and the increased likelihood of Chumash development of the Camp 4 property. Right now, traffic through Solvang and at the Highway 246 / Alamo Pintado Road intersection is regularly congested. It is foolhardy and irresponsible to support development that would not only occur in inappropriate

locations but also rely upon increased traffic to support it; with limited means to mitigate the impacts of such traffic.

The County is currently experiencing a prolonged severe drought and Lake Cachuma's water level is nearing 5% of capacity. Water tables are dropping due to increased pumping of groundwater and lack of recharge. More vineyard development will undoubtedly impact locally available water supplies that are already constrained. The County has limited ability to control such expansion. Increased winery development compounds that problem with the water used in processing and additional water necessary to support wine-tasting and special events. Responsible County planning decisions need to consider impacts to our constrained water supply.

Special events already impact residents in numerous ways and monitoring and compliance are problematic for the County. Dramatically increasing the potential for impacts and the future burden of monitoring and compliance is irresponsible.

Vineyard and winery owners have proven to be a well-organized powerful lobbying group during the process of the Winery Ordinance update. They have repeatedly packed hearing rooms and dominated public testimony. Nevertheless, the Planning Commission needs to support what serves the broad public interest and not be swayed by the loudest voice in the room.

Irrationally increasing the winery development and special event entitlement of small acreage parcels will condemn the Santa Ynez Valley to an unending civil war pitting neighbor against neighbor. I urge you to adopt the carefully considered ordinance recommended by staff and the Planning Commission that discourages winery development on small acreage parcels.

Thank you for your consideration,

Lansing Duncan

Lenzi, Chelsea

From: leigh layman <leighlayman1@gmail.com>
Sent: Monday, November 14, 2016 10:49 AM
To: Adam, Peter
Cc: sbcob
Subject: A Neighbors Comments on Wine Ordinance
Attachments: SUPERVISORS -11-14-16.docx

November 14, 2016

Dear Supervisor Adams,

This letter is in regards to the decision by the supervisors to postpone voting on the new Wine Ordinance until Nov. 22nd.

I have confidence in you, our County Supervisors, to protect the rights of all concerned and not to have your decision swayed by the extremely well organized and intimidating mass of wine and service industry people who showed up at the last hearing.

I wonder how many of the 70 speakers actually had even read the wine ordinance?

Most concerning to me is that I have heard if the vintners do not get what they want in the new ordinance, they will litigate.

This bullying tactic is exactly why you do not have more neighbors willing to stand up and speak out at these hearings and those few that do speak were ridiculed online as being "laughable".

I'm sure you realize that to look only at the numbers of neighbors who are willing to stand and speak out at these hearings, is certainly not indicative of the of many who have written letters of concern on the negative impact about the expanding wine industry into their neighborhoods.

I can appreciate your decision to give the wine industry their say at this eleventh hour as to the sheer numbers of people attending this last meeting, many of which I feel were misinformed.

However after five years and dozens of meetings where the county was reaching out to both the wine industry and the neighbors, the director of the Vintners Association is now claiming they had no input into the ordinance. This is simply not true.

Back in 9/21/11 Mike Hays sent out "Winery Ordinance Review Questions" to both neighbors and vintners for their input. I still have my comments from back then.

I feel it's important for the decision makers to remember that for those living in rural areas and on narrow canyon roads, that sound and lights can travel much farther than in other surroundings. The cumulative impacts from multiple tasting rooms and events along a short canyon road can be devastating to all living and/or driving here. We want to preserve our lifestyle for living in a safe and peaceful neighborhood.

Thank you for your efforts to find a fair and balanced outcome for all who live here in our valley.

Respectfully submitted,

Leigh Layman
Ballard Canyon Rd.
Solvang

Lenzi, Chelsea

From: Stephen Pepe <steve@clospepe.com>
Sent: Friday, November 11, 2016 10:31 AM
To: sbcob
Subject: Public comment for the BOS November, 22, 2016 meeting
Attachments: Clearly something went wrong.docx

Thank you.

Stephen Pepe
Clos Pepe Vineyards LLC
4777 E. Highway 246
Lompoc, CA 93436
T 805 735 7867
F805 736 4754

Stephen Pepe

President EconAlliance

Clos Pepe Vineyards

“CLEARLY, SOMETHING WENT WRONG”

Supervisor Carbajal made this apt observation at the close of the Board of Supervisors’ review of the Proposed Winery Ordinance after 65 wine industry speakers passionately and emotionally objected to the Proposed Winery Ordinance. Only two spoke in favor of the ordinance and neither were from the wine industry. Supervisor Carbajal also correctly noted there was a “problem with the process.”

The wine industry has been scratching its collective heads for the past 4+ years as we attended 27 public meetings, four Planning Commission meetings and spoke hundreds of times without any apparent impact. We believed we must have been lousy communicators because no matter who or how many times we explained our issues and problems the Planners continued to propose the most regressive wine industry ordinance in California and thus in the United States. Arbitrary numbers were produced. We knew they made no sense. When we asked the Planners how they came up with their numbers they ignored us.

In contrast the task force that developed the current ordinance in 2004 spent about six months meeting twice a month to develop it. The Supervisors approved it 5-0. One major difference between 2004 and 2012-2016 was that the then Third District Supervisor, Gail Marshall, actively participated in the process. Current Third District Supervisor Doreen Farr has been MIA, at least to the wine industry side of the equation. However, this does not explain why the Planners were not listening.

We finally found out at the Board of Supervisors meeting why we were ineffective. At the end of the Supervisors’ meeting Dr. Glen Russell, the Director of Planning and Development, demeaned the collaborative task force approach and stated:

“Staff would take input from the task force and then write the ordinance.”

In other words it was never Staff’s intent to engage in a dialogue and use a collaborate approach. The 27 public meetings were all a charade because there was never any dialogue with the Planners.

Also during his presentation Dr. Russell dismissed the heartfelt, passionate pleas by the wine industry: “as a well coordinated attack.” This further evidences Dr. Russell ignorance of the Santa Barbara Wine Industry.

Morgen McLaughlin wishes she or the Vintners Association were so powerful. Anybody who knows the Santa Barbara Wine Industry knows it is made up of many small family wineries that are fiercely independent, passionately individualistic and blissfully egocentric. Herding cats is a picnic to trying to get the Santa Barbara winemakers to sing out of the same hymnal or even sing for that matter. The passion, emotion and barely controlled fury from the Santa Barbara winemakers were their individual reaction to the regressive Wine Industry Proposed Ordinance, not anything Morgen or the Vintners orchestrated.

The other thing that “went wrong” is the First and Second District Supervisors erroneous assumption that this is a Third District issue and their deferral to the Third District Supervisor. It is true the squeaky wheels are all east of the 101. However, there are as many wineries in the Fourth and Fifth Districts as there are in the Third District. The flawed “Approved Wineries” in the EIR says there are 64 wineries in the County. None, yes none, are in the First or Second Districts. According to the flawed EIR there are 27 or 30 or 33 “Approved Wineries” in the Santa Ynez AVA which means there are 37 or 34 or 31 “Approved Wineries” in the Fourth and Fifth Districts. Thus, the First and Second District should defer to the three districts that have wineries.

To correct what “went wrong” we need to use the collaborative approach of a task force.

Lenzi, Chelsea

From: Stephen Pepe <steve@clospepe.com>
Sent: Tuesday, November 08, 2016 9:02 AM
To: sbcob
Subject: Public Comment for Board of Supervisors November 22, 2016 meeting
Attachments: IS THERE A FUTURE FOR AG IN SB COUNTY.docx

Hi,
Attached is my Pubic Comment for the Board of Supervisors November 22, 2016 meeting.
Thank you.

Stephen Pepe
President EconAlliance
Clos Pepe Vineyards
4777 East Hwy 246
Lompoc, CA 93436
805 735 7867

Stephen Pepe

President EconAlliance

Co-owner Clos Pepe Vineyards

IS THERE A FUTURE FOR AGRICULTURE IN SB COUNTY?

For the last two centuries agriculture has been the major long term business and employer in Santa Barbara County. However, external and internal forces have had profound adverse impacts.

We have seen the disappearance of dairy farms and cattle ranching. Now thoroughbred horse ranching is in a downward spiral due to off track betting and the increase in Indian and Las Vegas gaming. Bay Meadows Race Track in Northern California is a housing development. The venerable Hollywood Park Race Track is on its way to becoming a football stadium.

In the last century Lompoc was the seed capital of the world with household names like Bodger, Burpee and fields ablaze with color. All of the seed companies have gone, some out of business, the rest overseas due to a lack of profitability.

The orchard industry is disappearing due to the concentration of the grocery store industry that needs thousands of cases of any crop they buy. The few remaining small family apple orchards survive by direct-to-consumer (DTC) sales either through road side stands or "you pickem" operations. When Walnut trees reach the end of their productive life, they are not replanted. Recently, olives orchards were planted. However, the County's prohibition on consumers visiting the olive mill has impacted DTC sales and olive orchards are stagnating.

One bright spot for agriculture has been row crops and hoop tunnel berry crops. However, external forces are adversely impacting the economics of this bright spot. Federal and California increases in the minimum wage and overtime are eroding profitability. These increased costs will be phased in over the next

several years. This will give farmers the time to reduce labor with machines or relocate to other states or countries. It is unlikely consumers will pay significantly more for California broccoli and strawberries.

Both the state and federal regulators have continued to restrict the use of chemical pesticides and fertilizers. The result is reduced productivity and blemished fruits and vegetables. Some grocery companies have started to promote “ugly” produce in the hope the public will buy it.

The above are not “the sky is falling rhetoric.” This year increased costs and diminished produce quality caused four Oxnard farmers to cease farming their 2,500 acres with the loss of over 1,000 jobs.

The other bright spot in County agriculture has been the wine industry. Wine sales generate sales tax and attract visitors who pay bed taxes. However, as the four + years of endless planning department meetings have shown, a significant number of County residents object to farming in general and to DTC wine sales in particular. As to farming, the complaints are about lights, noise, dust and spraying disturbing the peace of the “neighborhood.” On the western border of Lompoc a farmer has houses on two sides and an elementary school on the other. His property is for sale.

As to DTC wine sales the objection seems to be that visitors destroy the peace and quiet of the neighborhood, even though it is zoned agriculture not residential. In 1995 there were 1,800 US wineries of which 950 were in California. Also there were 3,000 distributors – 1 1/2 for each winery. In 2015 there were 8,600 US wineries with 4,000+ in California. However in this 20 year period 2,325 distributors went out of business leaving just 675 distributors – one for 12 wineries. Four distributors sell 60% of the wine to retail stores and restaurants. Grocery stores sell 30% of wine to consumers. Distributors and grocery stores want thousands of cases not a few hundred. Without DTC sales the small family winery will not survive.

Absent positive local support for farming and DTC sales in about a dozen years most agriculture including small family wineries will disappear, like their

brethren the ranches, orchards and seed companies. As we all know from the San Fernando Valley, when agriculture is not sustainable it is replaced by housing and shopping malls.

Lenzi, Chelsea

From: Villalobos, David
Sent: Saturday, November 12, 2016 10:18 PM
To: sbcob
Cc: Metzger, Jessica
Subject: Fwd: New winery ordinance

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----- Forwarded message -----

From: "Dean Heck" <dheck@beitler.com>
Date: Thu, Nov 10, 2016 at 5:31 PM -0800
Subject: New winery ordinance
To: "Villalobos, David" <dvillalo@co.santa-barbara.ca.us>

Please pass along to the supervisors. First of all congratulations on your election victory. Second, please, please do not approve the new winery ordinance. Not only is it anti tax, it is anti property rights, anti agriculture, anti winery and anti common sense. We need more visitors to our Valley to boost the hotels and restaurants and additionally the wineries and their tasting rooms. This ordinance will bring less visitors and tax revenue to Santa Barbara county.

Most importantly, if adopted, this ordinance will make it much harder for smaller wineries to break even or make a small profit. There is a false impression that all vineyard and winery owners " are rich". Take it from me, not true. We own a small vineyard and winery and we have yet to break even. We are 6 years into our winery and vineyard ownership. Please do not approve this ill conceived ordinance.

Don't step on the little guys like our small winery.

Dean C. Heck/owner
Lavender Oak Ranch and winery

Lenzi, Chelsea

From: JOHN POITRAS <jake@batnet.com>
Sent: Wednesday, November 16, 2016 8:45 AM
To: sbcob
Subject: Comments to BOS Winery Ordinance Update
Attachments: Napa Marketing of Wine.png; ATT00001.htm; Napa \$1 Billion in direct to consumer wine sales.pdf; ATT00002.htm

Dear Supervisors,

I have been studying and collecting fine wine for several decades and I currently have two custom wine cellars with a total capacity of more than 2,000 bottles. A significant amount of this wine has been purchased directly from wineries in Napa, Sonoma, and Santa Barbara counties.

I write generally in support of the proposed Winery Ordinance Update, but with the following comments:

- 1) Please *maintain all of the proposals related to the scaling of the size of wineries and the amount of visitation activity to the size of the winery parcel* — this is critical in insulating their rural neighbors from the negative impacts.
- 2) Require that *all visitation activity at wineries “shall be inherently related to the agricultural use of the property”*. To protect agriculture and our agricultural lands, wineries should not be allowed to act as tourist-serving commercial event centers.
- 3) It is critically important to *add some language to the ordinance to recognize that not all rural roads should be treated equally* in the approval of alcohol-serving visitor activities. Some rural roads are so substandard and hazardous that in the interest of public safety special consideration must be given.

In addition, I strongly disagree with the wineries that say they need large numbers of “party” events to market their wines. In addition to my personal experience, the past 25 years of experience from Napa County proves this beyond doubt that it is not required.

In 1990 Napa County revised their winery ordinance which prohibited new wineries from offering public wine tasting — all wine tasting is by appointment only — and that all public visitation to the winery be strictly for the “Marketing of Wine.” This is Napa’s equivalent language to the proposed “inherently related to the agricultural use of the property.” Here is the relevant screen shot from the Napa County winery ordinance :

Sec. 12071. "Marketing of Wine".

"Marketing of Wine" shall mean any activity of a winery identified in this paragraph which is conducted at the winery and is limited to members of the wine trade, persons who have pre-established business or personal relationships with the winery or its owners, or members of a particular group for which the activity is being conducted on a pre-arranged basis. Marketing of wine is limited to activities for the education and development of the persons or groups listed above with respect to wine which can be sold at the winery on a retail basis pursuant to Article 4 of this title, and may include food service without charge except to the extent of cost recovery when provided in association with such education and development, but shall not include cultural and social events unrelated to such education and development.

Napa wineries ship \$1 billion in wine to consumers in 2015

JENNIFER HUFFMAN jhuffman@napanews.com

Jan 31, 2016

To remain competitive and relevant, wineries are becoming far more proficient at wooing customers directly with wine clubs, creating memorable experiences and emotional connections to the wineries. It seems to be paying off.

Napa wineries reached an all-time-high shipping record in 2015: More than \$1 billion worth of Napa Valley wine was shipped directly to consumers.

The data came from the 2016 Direct-to-Consumer Wine Shipping Report issued last week by ShipCompliant and Wines & Vines.

Last year was a strong one for Napa Valley wines, said the report.

The region now commands over half of the volume for the direct-to-consumer industry.

“The report underscores the importance of the direct-to-consumer channel to wineries today,” said Patsy McGaughy, communications director of the Napa Valley Vintners.

“It gives them direct contact, communication and brand-building opportunities with their customers,” she said. “Consolidation in the three-tier (distribution) system continues and that makes it harder and harder for small, family-owned brands to get attention and sell their wines through traditional channels.”

The data “reflects both the strength and momentum of winery” direct-to-consumer (DTC) business, said Lesley Berglund, chairman of the WISE Academy, and an industry expert.

“We are seeing the direct distribution channel for wine continuing to be a significant source of sales for wineries, and an increasingly desirable way for consumers to obtain wines that they can’t find in their local retail outlets,” said Jeff Carroll, vice president of compliance and strategy for ShipCompliant.

DTC sales cut out the middle man, or distributors. Instead of relying on a distributor, the wineries create wine clubs and other programs to sell their wines straight to the wine drinker.

According to the report, Napa Valley cabernet sauvignon shipments were largely responsible for the DTC growth in the county.

“This makes sense, as DTC shipping is expensive, so it makes the most sense for our highest price point wines and makes less sense for inexpensive bottles,” said Berglund.

According to Berglund, “Napa wineries are getting much better at both delivering a positive, memorable guest experience as well as selling wine, signing up new wine club members and capturing contact data,” so they can stay in touch with winery visitors, which drives future business.

According to Berglund’s research, five years ago, only about one-third of Napa tasting rooms would ask visitors if they wanted to take or ship some wine home.

“Today in Napa we now ask for the order 67 percent of the time,” said Berglund. “Five years ago in Napa we were only mentioning the wine club at all 11 percent of the time. Today we are bringing up wine club benefits 33 percent of the time.”

Berglund said getting a better price by buying direct isn’t the only reason DTC works.

“The main advantage for consumers buying direct from the winery is twofold. First, if they have visited the winery and had a direct brand experience, when they open a bottle of wine that they bought at the winery, they get to relive this memorable brand experience,” she said.

“This emotional connection to the winery brand cannot be duplicated when buying thorough off-premise retail channels.

“Second, consumers have access to special wines sold only directly from the winery – also something they can’t experience through off-premise retail purchases,” said Berglund.

Napa County wines sold direct to consumer represent 50 percent of the total value, nearly one-third of the total volume and the highest per-bottle price for all wine sold directly to consumers.

The average price per bottle shipped by Napa County wineries rose 4.8 percent, said the report. The value of those shipments rose 15.7 percent in 2015.

The average price per bottle of Napa wine shipped direct to consumer was \$61.41. That’s the highest price per bottle of all U.S. wine regions. Oregon wines were a distant second at \$40.17 per bottle.

“I find these numbers to be quite astounding when you consider Napa Valley makes just 4 percent of all of California’s wine and four-tenths of 1 percent of all the world’s wine,” McGaughy said. “It’s an endorsement of the quality and demand for Napa Valley wines.”

McGaughy noted that 95 percent of Napa Valley wineries are family-owned and 80 percent are making less than 10,000 cases per year. Therefore, “it is more important than ever that these small, artisan producers have access to this important channel to sell their wine,” she said.

In the United States, 43 out of the 50 states allow direct shipment of wine to consumers, and these consumers continue to embrace this wine-by-mail option.

The report shows that the volume of winery shipments to consumers grew at a rate four times greater than the overall U.S. retail off-premise wine market in 2015.

U.S. wineries shipped over 4.2 million cases of wine in 2015, which represented \$1.97 billion in sales, an 8.1 percent increase over 2014.

Lenzi, Chelsea

From: Metzger, Jessica
Sent: Wednesday, November 16, 2016 1:36 PM
To: sbcob
Subject: Winery Public comment

Please add to the record.

-----Original Message-----

From: Mary Beth Kerr [mailto:mmbbkk@hotmail.com]
Sent: Tuesday, November 08, 2016 7:01 AM
To: Mary Beth Kerr
Subject: Sharing ...Post on Dragonette FB Page and my response on the SYV Preservation Page

This post was on Dragonette FB page

"To All Santa Barbara County Residents (And Wine Lovers everywhere)

As you may be aware, the Santa Barbara Wine Community is facing a historic vote on a drastic revision to the SB County Winery Ordinance. The existing Winery Ordinance, though far from perfect, has for the last 12 years governed the permitting of wineries, vineyards and tasting rooms on rural lands zoned for agriculture. A few very loud, anti-wine industry people convinced the Santa Barbara County Board of Supervisors to direct the County Planning Commission to revise the ordinance. The opponents of wineries argued, without any factual basis whatsoever, that vineyards, wineries and tasting rooms caused noise, dust and traffic and were harming the rural way of life. The fundamental disconnect is that they do not believe that wine production is agriculture, and that wineries should not be able to sell the wines they make except by selling them to distributors. You all probably realize that this attitude ignores the economic reality for all wineries, and in particular, small, family owned wineries like Dragonette Cellars, who rely on visitors, tastings, and direct to consumer sales for their livelihood. The distribution channels for wine are all dominated by an increasingly small number of large corporations who do not have the time or inclination to represent smaller wineries.

The Planning Commission, after several years, and a number of public meetings, drafted a proposed revised ordinance that if adopted would become arguably the most restrictive winery ordinance in the state. The Environmental Impact Report it is based upon is severely flawed in methodology and in its statistics, listing phantom wineries, an absurd number of vehicles in the area, and many other outright errors. The new winery ordinance is most antagonistic to smaller wineries, prohibiting a winery from obtaining a tasting room unless it went for full "Tier 1" status, requiring 40 acres minimum parcel size and 20 acres planted. This size property and investment is simply far, far too large for all but the largest winery corporations to make. Thus, we would rapidly be on the way to becoming another Napa Valley with only the largest wineries (typically owned by out of state corporations) able to purchase and plant vineyard land.

You all know that it has been the smaller wineries that have been producing the most noteworthy and attention getting wines; those garnering critical acclaim and bringing in hundreds of thousands of visitors and billions in revenues. Yet these are the wineries that would have their dreams of buying land, planting vineyards, and making and selling its wines squashed by this new ordinance. The days of small vineyards and tasting rooms, such as Brander, Buttonwood, Rideau, Rusack, and Beckman (to name a few) would be over. Imagine a world without these beautiful places connecting people to Santa Barbara County. We cannot imagine such places being seen as a "negative impact" on their neighbors and the Valley. Can you?

It is most troubling that Planning Commission completely ignored the economic reality of operating winery businesses. The ordinance intends to and does further restrict sustainable agriculture and the selling of wine. It treats winery

visitors as a "negative impact" on agricultural land (even 1000 acre parcels), and it will severely limit the number of winery and tasting room visitors and the number and types of events wineries are allowed to host. Essentially, the new regulations will make it very hard for future and existing family-owned wineries, like Dragonette, to remain competitive against wineries in other regions. They simply will not be allowed to grow. This seems counter-intuitive to stifle the growth of an industry that as it stands, brings in \$1.7 billion to the county.

Again, it has been a small minority of county residents (many recent transplants no less) who are behind this anti-industry movement, and who have gotten the ear of a few members of the Board of Supervisors. Yet we are making progress. At the last Board meeting, the wine community stood 100-strong in the board room, with nearly 70 individuals speaking out against the revised ordinance. Only 3 people actually spoke in favor of the new ordinance, though their arguments were laughably absurd. "Ballard Canyon Road is a mess", said one. We drive that road weekly and are usually alone in its bucolic splendor.

This overwhelming show of opposition caused a visible change in the Board, and they delayed a final vote on the Ordinance, and to allow industry a chance to make specific comments regarding the ordinance. The next hearing will take place November 22, 2016 at 9:00 am at the Santa Maria government center.

We need you, county residents especially, to go to this website and sign our petition (<https://www.change.org/p/the-santa-barbara-county-board-of-supervisors-protect-santa-barbara-wine-country>) against the ordinance. You need to let your Supervisors know that you support the industry, appreciate all of the tourism, tax revenue, charitable donations and employment it brings to the country. Let them know the NIMBYs are an even smaller minority than they think. If you feel so inclined, you may also e-mail the Board of Supervisors directly to show your support:

1st District Supervisor Salud Carbajal: supervisorcarbajal@sbcbos1.org 2nd District Supervisor Janet Wolf: jwolf@countyofsb.org 3rd District Supervisor Doreen Farr: dfarr@countyofsb.org 4th District Supervisor Peter Adam: peter.adam@countyofsb.org 5th District Supervisor Steve Lavagnino: steve.lavagnino@countyofsb.org

Copy the County Clerk: sbcob@co.santa-barbara.ca.us

Thank you for your support of us and of our friends and neighbors in the Santa Barbara Wine Industry"

My response posted as a comment on their page and on the SYV Preservation page

"We do say yes to wine! Many of us believe that reasonable limits on the number and location of tasting rooms and events are needed to preserve our valley's balance. We also believe that events on winery premises need to be related to grapes and wine given that wineries are on land zoned for Agricultural use and many are governed by the Williamson Act (note - this is a requirement in winery ordinances throughout our state).

We are pro Agriculture!! We support winemakers right to grow grapes and make wine. Many of us live near vineyards and wineries. Lots of us visit area wineries, some belong to wine clubs and we appreciate the philanthropy and jobs provided by our county's vintners.

Throughout the Winery Ordinance Update process we were at the workshops and meetings. We spoke at those meetings along with our winemaking neighbors and friends. The wine industry argued for their wants and needs and we as neighbors and concerned citizens argued for our desire to preserve our valley. We want to make the safety of residents and visitors a priority, to keep neighborhood compatibility as a goal and to maintain our quality of life. Some of us spoke at those meetings, some of us spoke at the meetings and shared our concerns in writing and MANY of us shared our concerns in writing only.

The fact that many wine industry folks, licensed winemakers and concerned residents shared their concerns is very well documented.

The fact that all sides were heard by planning staff is reflected in the new Winery Ordinance and its accompanying Environmental Impact Report. I know this, because I was at many of the meetings and I have read all the drafts of both documents. The notes on all written and verbal comments, the current winery ordinance, the updated ordinance, EIR and supporting documents are available for everyone to review on the P and D website.

There also are numerous letters and emails from both sides that are available as part of the Planning Commission's records.

I will be sharing this with the Board of Supervisors and I urge others to share their comments with the Board if Supervisors at the hearing on the 22nd and/or in writing.

Please email me at mmbbkk@hotmail.com if you have questions or comments.

Peace,

Mary Beth Kerr, Santa Ynez Farmer, I have lived in Santa Barbara County all my life (59 years) and I am the chief advocate for the Facebook Group "SYV Lives Matter" a group that is actively working to make our roads, highways and drivers safer #SafetyFirst

Administrator of this FB page.

Please Share"

PS I worked in a vineyard in the late 70's - I tied grape vines for 3.5 cents per vine (ask a winemaker how much their workers were paid this year) and my wages made it possible for me to stay in school at Hancock

(Media peeps please contact me if you would like further input.)

Peace

Sent from my iPhone