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**MEMORANDUM**

**DATE:** April 27, 2007

**TO:** El Dorado County Board of Supervisors

**FROM:** El Dorado County Economic Development Advisory Committee  
 Rachel Michelin, Chair  
 Mike Owen, Vice-Chair  
 Kevin Brown  
 Joann Coner  
 Shiva Frentzen  
 Al Gianini  
 Tom Heflin

**SUBJECT:** Winery Ordinance

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 BOARD OF SUPERVISORS  
 EL DORADO COUNTY

**Introduction**

The El Dorado County Economic Development Advisory Committee (EDAC) was established by the Board of Supervisors in 2006. EDAC’s mission is to assist in guiding El Dorado County’s Economic Development Program as expressed in the Economic Development Element of the County’s General Plan. One of EDAC’s primary roles – as articulated in the General Plan under Policy 10.1.6.1 - is to “encourage expansion of local industries that promote tourism including wineries.” Over the past few months EDAC has received numerous briefings from County staff, the agriculture community and the public on this issue.

**Winery Ordinance**

According to figures provided to the committee by county staff, wine grapes account for \$4.9 million dollars in revenue for the county, just behind cattle and timber. This number does not account for the amount of tax revenue generated by residents and tourists who visit the wine region and spend their money on gas, food, lodging, etc. Using a standard multiplier for indirect impacts/benefits (2.5 x \$4.9 million = \$12 million). Over the past few months, a number of different proposed winery ordinances have been circulated by county staff, industry leaders and others. At the March 20<sup>th</sup> Board of Supervisors meeting, planning staff was directed to move forward using the industry model and come back to the Board on May 1<sup>st</sup> with recommendations on the initial study and the Environmental Impact Report.

**Impact on Economic Development**

In any locale, the grape growing and winery business is notorious for its high barrier to entry. It is a high investment, long-term business that is challenging even for the most experienced industry professionals. El Dorado County has an existing winery ordinance that has defined the playing field for over 20 years and has allowed the expansion of the industry while protecting and promoting local agriculture. Wineries need the ability to market their product in ways that will help grow their businesses and also lead to increased tax revenue for the county. According to industry statistics, 80-90 percent of wines are sold at the wineries or at alternative tasting

rooms. By stifling winery owners with rules and regulations that would be detrimental to their businesses, it will not only hurt the individual business, but the entire county in terms of lost tax revenue and give El Dorado County a reputation that it does not support business. California is already a difficult place to be a business owner and El Dorado County should be doing everything it can to encourage businesses to relocate here. The County should not put up barriers that not only make it unattractive to potential new businesses, but to the existing ones as well.

Regionally, there is stiff competition for a population base to support a wine/tourism industry. Lodi, in nearby San Joaquin County, is aggressively marketing itself as a wine tourist venue and represents a threat to El Dorado County due to the lack of strong measures (i.e. marketing, strategic plan, funding) to counter Lodi's extensive advertising campaign (a estimated \$1 million a year is spent by Lodi wine and Grape Growers for advertising). Similarly, El Dorado County faces competition from neighboring Amador County as well as Grass Valley-Nevada City. Both regions have increased their events and publicity – trying to target the same audience as El Dorado County.

### **Recommendations**

In considering the attributes of the issue, and referring to Policies 10.1.2.4, 10.1.5.1, 10.1.5.4, the EDAC committee recommends to the Board of Supervisors the consideration of the following items as they debate, and ultimately vote, on a new winery ordinance.

- We support the recommendations provided to the Board of Supervisors from the Agriculture Commission, and urge a policy reconciliation that promotes sustainable agribusiness operations in regard to an adoption of the winery ordinance.
- We want to ensure that any ordinance specifies the following provisions when a business is required to have any type of permit. We would like the County Planning Department to be required to have:
  - Policy 10.1.2.1 Request that Development Services collaborate with the Economic Development Advisory Commission in the development of permit forms and fee schedule.
  - A clear process that is provided to business owners, in writing, for obtaining a permit;
  - A clear fee schedule and range that is provided to business owners, in writing, for obtaining a permit;
  - A clear timeframe that is provided to business owners, in writing, for obtaining a permit.
- Any changes to the existing winery ordinance considers the impact on business growth, sales tax growth and the county and wine industry's ability to market a commodity that can generate millions of tax dollars a year in sales.
- The winery ordinance is not detrimental to new winery expansion nor paints El Dorado County as "anti-business."