

**COUNTY OF SAN DIEGO  
BOARD OF SUPERVISORS - LAND USE  
WEDNESDAY, FEBRUARY 28, 2024**

**MINUTE ORDER NO. 13**

**SUBJECT: NOTICED PUBLIC HEARING:  
FEASIBILITY ANALYSIS ON TIERED WINERY EXPANSION AND  
ASSOCIATED EXEMPTION TO THE CALIFORNIA ENVIRONMENTAL  
QUALITY ACT (CEQA) (DISTRICTS: ALL)**

**OVERVIEW**

To promote agricultural opportunities, the San Diego County Board of Supervisors (Board) initiated a series of changes and updates to the County of San Diego zoning regulations related to wineries, aiming to bolster the local wine industry. Winery operators expressed a desire to expand the opportunities to allow wineries by-right, reduce the overall costs, and simplify the discretionary process. Therefore, the Board directed staff on July 14, 2021 (4) to explore the feasibility of expanding tiered winery regulations and classifications into additional zones.

The existing Tiered Winery Ordinance identifies four winery operation types that consist of Boutique, Wholesale Limited, Small Winery, and Winery allowed within agricultural zones. To explore the feasibility of expanding winery types into other zones, including Rural Residential, Residential Commercial, Industrial, and Specific Plan zones, staff has prepared a Tiered Winery Expansion Feasibility Analysis (Feasibility Analysis) (Attachment A). The Feasibility Analysis provides an overview of the local and regional wine industry landscape, market potential for expansion, and a review of regulatory and environmental considerations. The analysis also examines current zoning and geographic characteristics to highlight areas suitable for wineries. Lastly, the report identifies implementation strategies and options to expand opportunities for new and existing wineries in the unincorporated area.

The 2023 San Diego County Economic Impact of Wineries, partially funded by the San Diego County Vintners Association, reveals insights based on data from the California Department of Alcoholic Beverage Control. As of March 2023, the region boasts 166 active and planned wineries, marking a 4% year-over-year increase from 2022's count of 160 wineries. In terms of revenue, San Diego County wineries saw significant growth, with gross sales reaching \$49.1 million in 2022, an 11% surge from 2021's \$44.1 million, setting a record high. Comparatively, San Diego County distilleries generated an estimated \$25.1 million in revenue in 2022. The report also highlights job growth within the winery sector, which reached approximately 709.5 jobs in 2022, reflecting a 6% increase from 2021's total of 669 jobs, although still slightly below the 2020 levels of 719.7 jobs.

There are several opportunities for regulatory changes, including expanding the allowed locations for wineries, introducing additional winery types in designated Rural Residential areas, streamlining winery permitting processes, reducing barriers to new winery establishments, and promoting rural agricultural tourism for economic development. Potential time and cost savings for applicants resulting from the implementation of one of the options below are dependent on site-specific circumstances and compatibility factors, such as zoning, parcel size, utilities, building permits and potential for environmental considerations. There may be site-specific issues, such as fire safety and adequate

infrastructure (e.g., septic or sewer facilities), for both existing and proposed wineries of varying sizes and types. These issues will need to be considered when developing effective regulatory changes and addressed on a case-by-case basis during the application submission and review processes.

Aspiring and existing winery operators provided valuable input throughout the process of developing and analyzing options to meet stakeholder preferences. Wine industry stakeholders expressed a desire to allow more wineries in more locations, expand economic opportunities, and reduce the time and costs of permitting processes. To meet stakeholder needs and initiate regulatory changes, the Board has multiple options to consider, each with varying levels of time and cost implications:

**Option 1:** This option allows Wholesale Limited, Boutique, and Small winery expansion into Rural Residential (RR) Zones and is the least time-intensive and most cost-effective route for new winery permit applicants. It may require an Addendum to the Agriculture Promotional Program Environmental Impact Report (EIR) and could take 14 to 16 months, with an estimated cost of \$700,000. Option 1 offers several advantages, including providing the quickest way to expand wineries to areas most similar to Agriculture Zones. A conservative estimate of between 33,000 to 62,000 acres could potentially benefit from this option. Parcels with slopes exceeding 25% were excluded due to steep slopes, erosion, and equipment constraints. Acreages east of the County Water Authority line, and parcels located within military installations, ranges, and training areas (MIRTA) were also excluded. The lower limit of this estimate encompasses parcels located near concentrations of existing wineries, while the upper limit includes additional parcels west of the San Diego County Water Authority boundary. This option creates a path for small existing and new growers to expand operations and allows for a streamlined review and approval process. However, challenges such as requiring wineries to prepare environmental documents remain and wineries may need outside technical assistance with design and engineering. Lastly, proximity to residential uses could raise neighbor concerns.

**Option 2:** This option incorporates Option 1 expansion into Rural Residential and adds to it by also expanding allowable winery uses into Residential Commercial, Industrial, and Specific Plan zones. Option 2 could take 16 to 20 months, with an estimated cost of \$1.25 million and requires a Supplemental EIR. Option 2 offers several advantages by establishing winery tiers in non-agricultural areas such as Residential Commercial, Industrial, and Specific Plan zones. This broadens winery placement, enhancing accessibility and diversifying opportunities. This option facilitates the expansion of wineries within the following zones: Rural Residential, 62,000 acres; Residential Commercial, 22 acres; Industrial, 1,500 acres; and Specific Plan, 17,000 acres. With the combined acreages, a conservative estimate between 33,000 to 81,000 acres could potentially benefit from this option. Parcels with slopes exceeding 25% were excluded due to steep slopes, erosion, and equipment constraints. Acreages east of the County Water Authority line and parcels located within MIRTA were also excluded. The lower limit of this estimate encompasses parcels located near concentrations of existing wineries while the upper limit includes additional parcels west of the San Diego County Water Authority boundary. Option 2 provides opportunities for multiple off-site tasting rooms and offers the potential to share facilities or resources among wineries, such as tasting rooms, parking, and storage. However, some existing challenges remain.

There will be a requirement for wineries to prepare environmental documents. Additionally, winery owners under this option may need outside technical help with design and engineering. Lastly, ordinance development under Option 2 will require a higher level of environmental review, prolonging the process and increasing costs.

**Option 3:** The most comprehensive option establishes Winery District Overlay Zones, requiring a new Programmatic EIR analysis that could span 20 to 26 months, with an estimated cost of \$1.75 million. There is no predetermined acreage range with the overlay option. This is dependent upon how large or small the proposed geographic areas are once analyzed in Phase II, if directed. This approach aims to promote the siting of wineries in similar zones and creates a concentration of wineries, encouraging multiple visits to more than one destination within the same area. Option 3 provides the potential to reduce environmental impacts and will require less environmental review for individual winery businesses, translating to reduced costs and time. However, challenges with this option remain including winery owners needing to prepare some level of environmental documents and may need professional assistance with design and engineering. This ensures compliance with standards and addresses site-specific considerations.

Today, we respectfully request the Board receive the Feasibility Analysis and consider the options presented to expand and streamline winery operations. This action does not amend the existing Tiered Winery Ordinance at this time.

**RECOMMENDATION(S)**  
**CHIEF ADMINISTRATIVE OFFICER**

1. Find in accordance with Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines that this action is exempt because it can be seen with certainty that there is no possibility that this activity may have a significant effect on the environment.
2. Receive the information provided in this Board Letter and the Tiered Winery Expansion Feasibility Analysis Report and consider the following options to expand and streamline winery operations:
  - a. *Option 1:* Direct staff to expand allowances for wineries into Rural Residential (RR) Zones.
  - b. *Option 2:* Direct staff to expand wineries into RR, RC, M50, M52, M54, M56, M58 & S88 Zoning Categories.
  - c. *Option 3:* Direct staff to establish Winery District Overlay Zones.

**EQUITY IMPACT STATEMENT**

The Tiered Winery Expansion Feasibility Analysis (Feasibility Analysis) examined the potential for a tiered winery expansion in San Diego County, focusing on market potential, consumer demands, regulatory and environmental considerations, and financial feasibility. It provides the Board of Supervisors with options for expanding and streamlining the Tiered Winery Ordinance to help contribute to the local wine industry's growth and sustainability.

This analysis does not change the existing Tiered Winery Ordinance or permitting process for applicants. However, future actions may have impacts on winery owners, employees, and the local community. To address potential equity impacts of future actions from this analysis, staff has taken into consideration how the potential expansion may affect these stakeholders and their access to resources and opportunities. Staff has involved stakeholders in the decision-making process to help ensure the Feasibility Analysis is equitable and beneficial for involved parties. If directed, future phases of the project will incorporate further input from stakeholders.

**FISCAL IMPACT**

Funds for this request are not included in the Fiscal Year (FY) 2023-24 Operational Plan for Planning & Development Services (PDS). If approved, this request will result in one-time estimated implementation costs of up to \$1,750,000 depending on the option selected by the Board. Funding for implementation costs, including sources and potential impacts, will need to be identified prior to program implementation. The Board can also direct staff to evaluate additional opportunities to combine the preparation of one of these options with a related ordinance or environmental review effort to reduce staff time and cost. The impact to net General Fund costs will depend on Board direction. There will be no additional staff years.

**BUSINESS IMPACT STATEMENT**

N/A

**ACTION:**

ON MOTION of Supervisor Desmond, seconded by Supervisor Anderson, the Board of Supervisors closed the Hearing and took the following actions:

1. Found in accordance with Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines that this action is exempt because it can be seen with certainty that there is no possibility that this activity may have a significant effect on the environment.
2. Received the information provided in this Board Letter and the Tiered Winery Expansion Feasibility Analysis Report and selected the following option to expand and streamline winery operations:
  - a. Option 1: Direct staff to expand allowances for wineries into Rural Residential (RR) Zones which expands the areas in which wineries can operate, subject to an administrative permit, from 33,000 to 62,000 acres.
3. Directed the Interim Chief Administrative Officer to look for ways on how Boutique Wineries can have live music, with parameters, that include limits on hours and types of amplification, allow more than six community events a year if the setup is correct, conduct community outreach with unincorporated residents, and look into allowing live music and additional events as part of the upcoming update to the Zoning Ordinance.

AYES: Vargas, Anderson, Lawson-Remer, Montgomery Steppe, Desmond

State of California)  
County of San Diego)

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER  
Clerk of the Board of Supervisors



**Signed**  
**by** Andrew Potter

FEBRUARY 28, 2024