

Howard, Emma

From: George Rosenthal [GRosenthal@raleighenterprises.com]
Sent: Saturday, January 31, 2009 2:50 PM
To: Howard, Emma
Subject: Re: Los Angeles County Wineries Ordinance Update

Emma:

Thank you and all of the staff for working so diligently in rewriting this ordinance, I for one appreciate greatly the efforts of Mitch and you. I have forwarded a couple of comments to Ben Saltzman and I am sure he will convey my thoughts. You all have greatly enhanced the ability of those of us in the wine business in Los Angeles county to enhance the business base for the benefit of all. Regards,
George I Rosenthal

On 1/29/09 5:04 PM, "Howard, Emma" <ehoward@planning.lacounty.gov> wrote:

Dear All,

Attached please find a summary guide to the Wineries and Tasting Rooms Draft Ordinance, as well as the current draft. We're in the process of reviewing our environmental documents and aiming to bring this draft forward to the Regional Planning Commission on March 25th.

You can also obtain the draft online at: <http://planning.lacounty.gov/ord/draft>. It's not up yet, but should be there by Tuesday or so.

I want to thank everyone for your input on this project. As always, we look forward to your comments, and would be happy to help answer any questions you might have. If you would like to speak to me directly on any of this, please call Monday-Thursday between 8 and 6pm. If you would like to be removed from our contact list, please let me know.

Thank you,

Emma Howard

Los Angeles County

Department of Regional Planning

Countywide Studies

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Los Angeles County
Department of Regional Planning
320 West Temple Street
Los Angeles, California 90012

July 22, 2008

Sir,

Please accept my appreciation for the opportunity to provide input for the Town & Country – Antelope Valley Area Plan Update. I have attempted to provide answers to your survey as outlined. The housing issue is not a factor in my current agricultural operation. I only have an increased demand for labor at harvest time. In consideration of the type of crop grown, wine grapes, the crop is literally torn from the vine, collected, and transported to the winery. This is usually a 3 to 5 day process of 10 to 12 hour days. Labor and the amount of laborers required is not a problem since there is not a lot of skill required. These people are easily located and know approximately when the process occurs and return each year to provide their services. I have two full time employees and 1 temporary permanent employee so housing does not create a difficulty. An increase in size of the operation in the future could cause some concern but not at the present time.

The significant problem that I as a grower face is the lack of outlets to sell the wine that is produced from the grapes grown in this area. There is but one winery in the Antelope Valley that purchases wine grapes from the growers and they are only able to handle a very limited amount of production. That winery is only able to accommodate perhaps 10% or less of the wine grapes produced here. The second winery has a small tasting room in a retail operation with limited exposure. This also limits the amount of wine they are able to sell. At the present time I am providing them my grapes at no charge (free) so as to get my name on their label for name recognition for the future. The future being a change in regulation allowing them to make the wine and my being able to provide Tasting Room and retail operation here at the vineyard. Leona Valley Vineyard, a 50 acre vineyard in Los Angeles County, built his winery and tasting room in Rosamond (Kern County) to bypass the CUP provisions and costs associated with Los Angeles County.

What the grower needs is the ability to have a Tasting Room and retail outlet at the vineyard. Without this the grower has no outlet for their grapes. The grower has to be able to sell the end product to the consumer. There are not sufficient outlets for the end product. The consumer wants to purchase the wine from the vineyard where the grape originated. I have included with this letter a recent article from "Vines and Wine" magazine emphasizing this statement. Most growers have the capability of providing this type of facility. What we do not

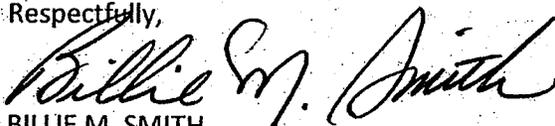
have is the blessing of Los Angeles County to operate this type of operation. In the entire wine grape growing regions of California this type of operation is common place. This is not something out of the ordinary. This has caused the State of California to become the wine capitol of the world.

Most of the wine grape growers in the Antelope Valley are small lot growers focusing on one or two varietals and emphasizing quality of the grape. They do not have the financial capability or time to endure the CUP process as it exists today. What we are is perhaps the beginning of what could be a major impact on changing the face of agriculture in the Antelope Valley. The local Antelope Wine Growers Association has started the process with the American Viticulture Commission to have the Antelope Valley designated a Viticulture area. We are certain once this is completed we will attract more growers. Picture if you will row upon row of beautiful grapevines where once ugly brown desert vegetation was. However to accomplish this we have to change the restrictions placed on Tasting Rooms and retail outlets so we can get our wine out into the market place for reputation to spread and the area recognized as a source for quality wine. This will increase tourism and bring in additional revenue to the area. We are growing excellent grapes and producing a quality wine. In considering the wine industry is a multi-billion dollar industry in the State of California it only makes fiscal sense to have Los Angeles County share in the impact of that source of revenue.

The grape vine requires limited amount of water, for a limited period of time, to produce the grape. This fact alone makes for better use of the land. Most wine grape growers are excellent stewards of the land they are for the most part organic growers, there is limited amounts of pesticides or insecticides. The weather and the wind factor in the Antelope Valley limit the amount if any fungicides used in the production. Any if not all of the green waste from pruning is chipped and turned back into the land to enhance the quality of the soil. Wine grape growing is huge in the State of California; there is no reason for it not to be huge in Los Angeles County. I have an additional 10 acres waiting to be planted. I only need to know I have an outlet for the fruits of my labor.

Thank you for this opportunity and I shall look forward to hearing from you with positive results, this is a win- win situation for all concerned.

Respectfully,



BILLIE M. SMITH

QUAIL CROSSING VINEYARDS

9220 WEST AVENUE I

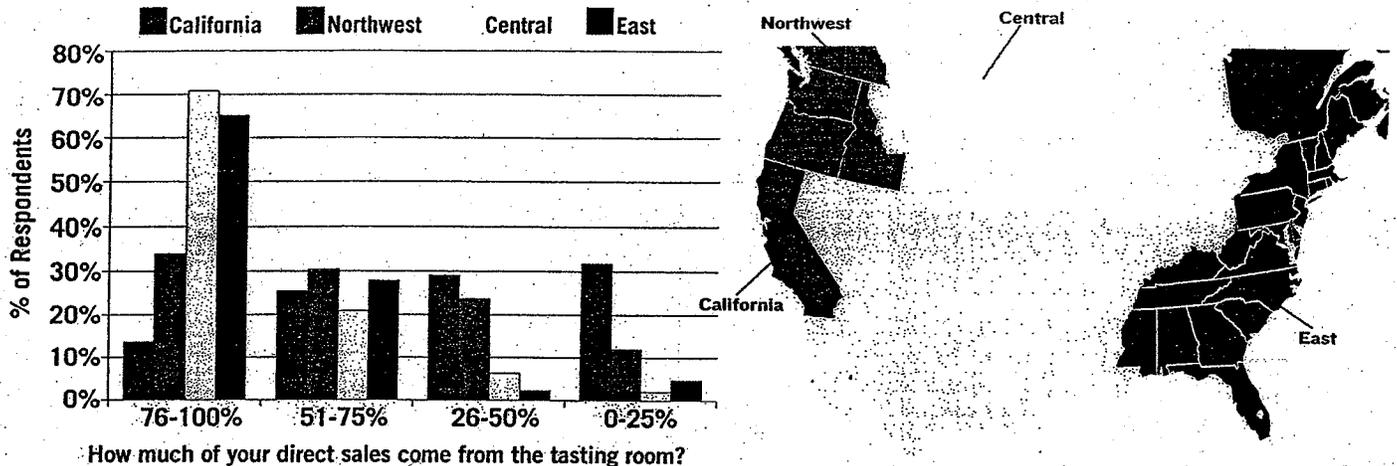
LANCASTER, CALIFORNIA

Selling Face to Face

Tasting rooms grow in importance in our direct sales survey

By Jim Gordon

Tasting Room Sales by Region



Despite the buzz about web-based sales of wine, North American wineries continue to do much more of their direct-to-consumer sales face to face in their tasting rooms than online, according to a new *Wines & Vines* survey.

The percentage of wineries that conduct more than half of their direct sales in their tasting rooms is 64%. That number has grown by 16% since the magazine last surveyed wineries in December 2006.

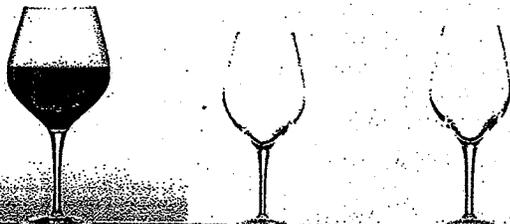
The number of tasting room-oriented wineries dwarfs the number that relies on sales through any of the other three direct sales channels we measured: wine clubs, online sales and mailing lists. The dominance of tasting rooms also may reflect the favorite business model of a majority of new wineries across the continent that have opened since the earlier survey. Anecdotal evidence points to more small wineries with or without vineyards (and sometimes without crushing facilities) using their premises primarily for blending, bottling and retail sales.

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More small wineries

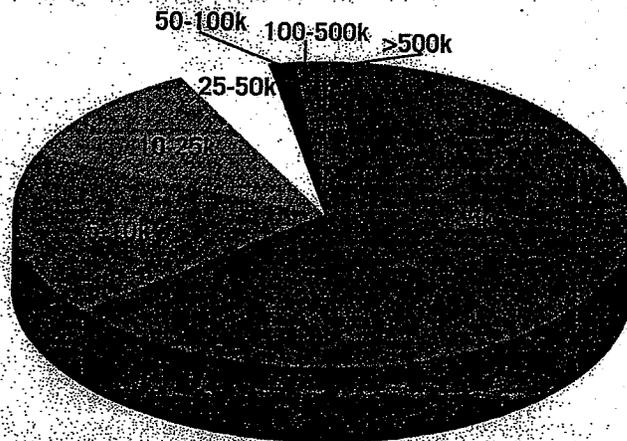
Indeed, in *Wines & Vines*' March 2008 e-mail survey, 11% more responding wineries reported being in the less-than-5,000 case annual production category than 15 months earlier. Sixty-four percent of the 288 respondents said they belong in this category in 2008, while only 53% said the same in 2006.

Both surveys were conducted via Zoomerang using the magazine's database of more than 4,000 winery e-mail addresses, and they drew healthy response rates of more than 6%.

The share of mid-size wineries responding also grew. The percentage of wineries grew in the annual production categories of 5,000-9,999 cases and 10,000-24,999 cases, but the numbers did not jump as dramatically as they did for the smallest wineries. Consequently, the percentage of responding wineries in the three largest production categories dropped.

This year, 59% of wineries overall said they get more than half of their dollar sales from the various direct-to-consumer channels. We broke most results down by the four North American regions defined by *Wines & Vines*: California, Northwest, Central and East. The East has the largest percentage of wineries (84%) that sell more than half their wine direct to consumers. The Central region is next in emphasis, with 79% of wineries doing more than half of their dollar sales direct to consumers. In the Northwest, 50% of wineries sell more than half direct, and in California, 46% sell a majority direct.

Survey Respondents by Winery Size



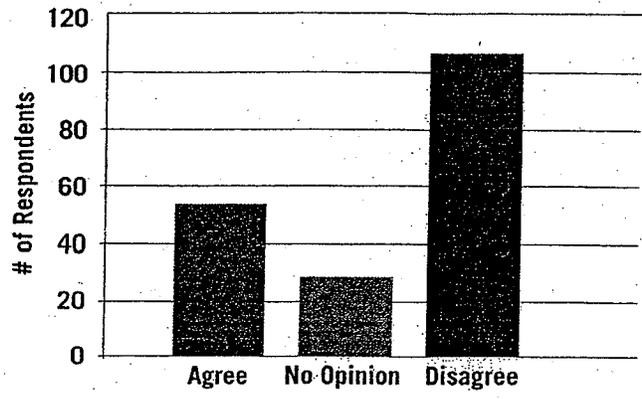
Numbers in thousands of cases produced annually

Tasting rooms by region

Our survey indicates that wineries in the Central region are the most likely to sell the largest portion of their wine in their tasting rooms. An impressive 71% of respondents said they sell more than three-fourths of their direct-sales dollar volume in tasting rooms.

Eastern region wineries ranked second in emphasizing tasting rooms; Northwestern vintners are third and Californians last. It makes sense when you consider that most of the medium and large wineries in North America operate in California, and many of these do a good portion of their direct sales through wine clubs and mailing lists. They tend to spread their sales among the four channels, rather than weighting tasting rooms so heavily.

Direct Sales Doing Fine?



All three non-California regions show a nearly consistent trend toward having more wineries selling 76% or more of their direct sales through their tasting rooms. More California wineries, however, said tasting rooms represent 0-25% of their sales.

How do they feel?

Another part of the survey measured the attitudes of the respondents—largely winery owners and sales directors—to various parameters of direct sales.

Are they happy with their direct sales programs in general? Yes, said 29%, an increase since 2006. But a hefty majority

(56%) disagreed with the statement, and 15% offered no opinion, perhaps indicating that they don't yet know how to measure their success.

In a similar vein, it appeared that a smaller percentage of wineries has been taking to heart the advice given frequently in seminars on how to increase direct sales.

- The percentage of wineries that agreed they have a strong relationship with their top 50 direct sales accounts dropped by 10%.
- Those that said they have focused well on collecting postal and e-mail addresses diminished by 2%.
- Twelve percent fewer wineries agreed that it is important for their direct sales staff to get direct financial incentives for sales and collecting contact information. Only 37% agreed, while a whopping 39% gave no opinion on this seemingly crucial sales policy.

Apparently, the tasting room as revenue center is just as valid today as it was at the beginning of the wine boom in the 1970s. Finding a winery location on a main road—and obtaining a permit for tastings and retail sales—was at least as important to a new winery's bottom line as were planting the proper grape varieties and buying small barrels for aging the wine.

Direct sales in general seem even more important today with the consolidation of distributors that has made that sales channel more difficult to access, and the explosion of wine brands from North America and abroad that keep the competition fierce at retail and in restaurants. A winery's own retail room remains a key to success. **W&V**

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From: David Reynolds [mailto:david4wine@roadrunner.com]

Sent: Friday, February 27, 2009 9:52 AM

To: Hickling, Norm

Cc: corey@lvwinery.com

Subject: Leona valley Winery

Importance: High

Hi Norm,

Please review the pending new wine ordinance.

All along I have been waiving the flag for one specific point and it is not clear that my serious plea for help is being answered.

I have my winery in a remote warehouse in Rosamond/ Kern County.

I have 20 acres of Vineyards in Leona Valley / LA County.

My 02 license allows for me to apply for a remote tasting room in a commercial or industrial zone as is and the new ordinance will make that easier. My warehouse in Kern is permitted for wine tasting but not an appropriate for guests as a destination.

However what I need and I am certain this is common for all growers now and in the future is the right to open a tasting room as a grower in A2 zone of 5 acres or more , without having to build an on site wine production facility. All the commercial aspects of a winery are at a remote sight, avoiding the CUP issue that has always been an issue. Now with the new ordinance a winery can be permitted without a CUP on A2 property, but not a remote tasting room. A Tasting room is or can be permitted on A2 with a winery but a remote tasting room is only permitted in commercial or industrial zones.

I want to by right, be able to have a remote tasting room on the vineyard property because I have an 02 license held at another industrial building, and 20 acres of grapes planted.

I feel that if as a whole the county permits growers with 2.5 acres or more to have a remote tasting room on A2 zoned property provided that they also have an 02 license either held at one of the local wineries jointly or at their own remote facility, you will encourage the growth of Leona Valley wine country at its most vital point of earning potential, tasting rooms. The growers can all contract with other existing wineries to get their own 02 licenses from the state and fed or to go rent affordable industrial zoned warehouse for wine making and have remote tasting in the vineyard.

By doing this the county encourages people to get started affordably by utilizing industrial areas for the industrial activities of a winery and then promotes wine tasting in the romantic settings of the vineyards as it should be. It is very common for wineries to start out incubating wineries inside industrial centers or warehouses and then eventually being profitable enough to build a winery / tourist facility at the vineyard.

After reading the new ordinance I am feeling like this specific very crucial need for Leona Valley Winery has not been served. We are the leaders in this area of up and coming new wineries and answering this problem would indeed stimulate the economy and well being of growers and the wine industry for LA County as a whole.

Please call me at 661-209-8032, so we can discuss this in detail and perhaps your office can help get this message across to the right LA County Representatives.

Best Regards,



David Reynolds, Proprietor

661-270-Wine

David@lvwinery.com

www.LeonaValleyWinery.com