



COUNTY OF SAN DIEGO

PLANNING REPORT

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

DAVE ROBERTS
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: August 6, 2014

01

TO: Board of Supervisors

SUBJECT: AGRICULTURE PROMOTION PROGRAM: POD 14-001 (DISTRICTS: ALL)

Overview

On June 26, 2013 (7), Chairwoman Dianne Jacob, Second District, recommended that the Board of Supervisors (Board) direct the Chief Administrative Officer to identify ways to streamline regulations; provide more opportunities for agricultural ventures, such as microbreweries and cheese-making, to further support small-scale agricultural operations; and promote agricultural tourism throughout the unincorporated portions of the County. In response to Board direction, staff has prepared a proposed work plan, including time and cost estimates to amend and update agricultural regulations. An additional option presented for the Board's consideration would allow an expansion of winery uses into areas zoned with S92 General Rural use regulations (S92 winery option). Properties zoned S92 are currently allowed to grow grapes, but cannot establish wineries. The expansion of winery uses into these areas could provide a significant new opportunity for farmers.

Recommendation(s)

PLANNING COMMISSION

1. Find, in accordance with Sections 15061(b)(3) and 15378 of the California Environmental Quality Act (CEQA) Guidelines, that developing the Agriculture Promotion Program is exempt from the provisions of CEQA, because this activity is not a project as defined under CEQA and it can be seen with certainty that developing the program will have no possible significant effects on the environment.
2. Direct the Chief Administrative Officer to develop the Agriculture Promotion Program, POD 14-001, and return to the Board within 30 months.
3. Direct staff to include in the Agriculture Promotion Program the S92 winery option.
4. Direct staff to include in the Agriculture Promotion Program updates to the Tiered Winery Ordinance that have been under discussion by PDS staff and certain members of the public.
5. Establish appropriations of up to \$535,000 in Planning & Development Services,

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Services and Supplies, to fund the Agriculture Promotion Program, POD 14-001, based on Fiscal Year 2013-14 General Fund fund balance available. **(4 VOTES)**

DEPARTMENT OF PLANNING & DEVELOPMENT SERVICES

PDS concurs with the Planning Commission recommendations except for the following changes. For Planning Commission recommendation 4, staff recommends not including updates to the Tiered Winery Ordinance as part of the Agriculture Promotion Program, because the updates will be handled separately and will return to the Board sooner than the overall program. For Planning Commission recommendation 5, staff recommends reducing the request for appropriations to reflect receipt of United States Department of Agriculture grant funding for this project in the amount of \$55,000 that occurred subsequent to the Planning Commission hearing on this matter. Therefore, PDS recommends the following modification to Planning Commission recommendation 5:

Establish appropriations of up to \$535,000 in Planning & Development Services (PDS), services and supplies, to fund the Agriculture Promotion Program, POD 14-001, based on unanticipated grant revenue from the United States Department of Agriculture (\$55,000) and Fiscal Year 2013-14 General Fund fund balance available (\$480,000). **(4 VOTES)**

Fiscal Impact

Funds for updating agricultural regulations and implementing Policy & Ordinance Development project POD 14-001 are not included in the Fiscal Year 2014-15 Operational Plan for Planning & Development Services. Development of the Agriculture Promotion Program (Program) will result in costs of up to \$450,000 for procuring professional services for preparation of an Environmental Impact Report (EIR) and associated staff time for the next two years. If the Board approves inclusion of the S92 winery option in the Program, additional costs of up to \$85,000 will be required to complete the project. Therefore, total cost for the Program, including the S92 winery option, is up to \$535,000 for professional services and associated staff cost. Appropriations of up to \$535,000 will be required to develop the Agriculture Promotion Program if the winery option is included. Appropriations of up to \$450,000 will be required if the winery option is not included. The funding sources are unanticipated grant revenue of \$55,000 from the United States Department of Agriculture and up to \$480,000 in Fiscal Year 2013-14 General Fund fund balance available. There will be no additional staff years required.

Business Impact Statement

A future ordinance pursuant to the elements of the program would provide additional opportunities compared to those that exist today for development of agricultural uses and agricultural tourism. Streamlining agricultural permitting requirements reduces processing times and costs for applicants and encourages opportunities for new agricultural operations and businesses.

Advisory Board Statement

N/A

Involved Parties

N/A

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Planning Commission Vote

On March 7, 2014, staff presented the Agriculture Promotion Program work plan to the Planning Commission for input and a recommendation to the Board of Supervisors. By a vote of 4-0-2-1 (Ayes: Beck, Brooks, Norby, Woods; Noes: N/A; Absent: Day, Pallinger; Vacant: 1), the Commission recommended that the Board direct the Chief Administrative Officer to develop the Agriculture Promotion Program with the S92 winery option and to include updates to the Tiered Winery Ordinance.

BACKGROUND:

Agriculture is a leading industry in the region. In 2012, the value of agriculture throughout the county totaled \$1.75 billion. Despite its importance as an economic driver, local farming faces a host of challenges that are threatening its viability. These include the high price of land on which to establish new or maintain existing agricultural uses, labor issues, water cost, and regulatory challenges. The Agriculture Promotion Program is intended to update regulations, streamline processes, and expand opportunities for agricultural operations.

The resources that support agriculture in the County of San Diego are unique. Unlike other jurisdictions across the nation, farming in the county is dependent upon the region's unusual microclimates and less reliant on the quality of its soils. Farming in the county is characterized by small farm size and high value agriculture. Much of the county's climate supports a year-round growing season that facilitates a vibrant and multi-faceted agricultural industry with small farms and crop diversification producing over 200 agricultural commodities, including high value specialty crops, nursery products, and a variety of fruits.

With the importance of agriculture as an economic driver for the region, the Board directed staff to look at simplifying and streamlining regulations for agricultural ventures, such as microbreweries and cheese-making, to support agricultural operations and promote agricultural tourism.

Research and Stakeholder Outreach

In response to the Board's direction, staff reviewed agriculture promotion efforts at the state level and in other jurisdictions such as Riverside, Tulare, and Napa Counties. The State of California has a number of programs and plans, such as *California Farm to Fork*, *Protecting the Promise of California Agriculture*, and *California Agricultural Vision 2030*, which are similar initiatives that can provide useful information to inform the creation of a local program in San Diego County. Staff also met with several of the County's agricultural stakeholders, including the San Diego County Farm Bureau, the County's Departments of Agriculture, Weights and Measures and Environmental Health, the Health & Human Services Agency, and the Farm and Home Advisor to gather input on formulating an Agriculture Promotion Program for the unincorporated areas of the county.

Agricultural tourism and the "farm-to-table" movement are increasing public interest in local agriculture and fostering the growth of new agricultural ventures. For example, "you-pick" operations and farmers' markets have expanded in the county and increase demand for local produce. There are approximately 58 certified farmers' markets selling locally grown produce

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throughout the county, including about a dozen in the unincorporated area. The proposed Agriculture Promotion Program also supports the County’s Live Well San Diego initiative by supporting local agricultural and encouraging local access to healthy food.

An analysis of the Zoning Ordinance reveals many opportunities to update and amend regulations to keep the County’s agricultural regulations in line with current trends and expand opportunities for farmers and ranchers. In addition, many uses related to animal raising, such as aquaculture or small-scale animal raising for local food production, have not been comprehensively updated for some time and serve as barriers to new agricultural ventures. The Agriculture Promotion Program also provides an opportunity to update regulations to reflect current best management practices, for example grading and stormwater impacts related to new agricultural uses.

Potential Elements of the Agriculture Promotion Program

The proposed program would consist of a number of potential elements for consideration in the form of County Code or Zoning Ordinance amendments to allow more opportunities for the following operations:

Agricultural Operation	Existing Limitations	Potential Changes
Microbrewery	Limited to commercial or industrial areas	Allow in areas with existing agricultural uses with ingredients grown onsite used in the brewing process
Cheese-making or dairy	Limited to industrial areas or onsite use in agricultural areas	Allow expanded uses in agricultural areas with onsite sales
Bees, beekeeping, and apiculture	Existing code limits bee uses with setbacks and to specific zones	Additional allowance for bees and bee-related uses, such as honey production, in line with the Tiered Bee Ordinance currently in development
Cooking, canning, tanning, rendering, or reducing operations related to onsite food production	Limited to industrial areas as a general industrial use	Allow limited production related to existing agricultural and animal operations in agricultural areas
Mobile butchering operations	Limited to specific areas, not allowed in others	Allow related to onsite agricultural operations
Packing and processing, e.g., the preparation for market of fresh produce, flowers, feed, including olives and olive oil, etc.	Limited to specific uses with onsite produce, limited to specific zones and in some cases only with discretionary permits	Allow in more zones in conjunction with agricultural uses and amend permit requirements in existing zones to allow more uses
Onsite retail horticultural sales to the public accessory to nursery uses	Only allowed with minor use permit	Allow without discretionary permit

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Animal raising, small and large animals (e.g. poultry, cattle, sheep)	Limited in some areas, animal numbers related to agriculture have not been analyzed and updated in 30 years	Update animal schedule after analyzing existing animal number limits
Roadside sales of agricultural products	Limited to agricultural zones	Allow in commercial zones, and update to current state code
Agricultural tourism, farm to table, and educational agriculture	Limited to specific zones, no temporary events allowed	Allow in more zones, in commercial areas allow more uses such as temporary events
Bed & breakfast, host home and agricultural homestay	Limited to specific zones and structures, and only allowed with discretionary permits	Add more zones, amend regulations, and change permit requirements

S92 Winery Option

An additional option for the Agriculture Promotion Program would be to expand allowances for winery uses into areas zoned with S92 General Rural use regulations. There are currently 634,856 acres of land zoned S92 General Rural, which equates to about 27% of the unincorporated land in the County. The S92 General Rural use regulation allows for agricultural use types including tree, row, and field crops. Properties zoned S92 are allowed to grow grapes, but cannot establish winery uses. Evaluating the expansion of winery uses in these areas as part of this program could provide a significant new opportunity for farmers. Allowing winery uses in the S92 use regulations was contemplated during initial development of the Tiered Winery Ordinance, but ultimately, only the A70 and A72 use regulations were included in the project due to time and resource constraints. Incorporating the S92 winery option into the Agriculture Promotion Program would extend the project schedule and increase its cost as detailed below. However, by incorporating the S92 winery option into this program, the County would realize significant time and cost savings compared to pursuing the option as a stand-alone project.

Winery Ordinance Updates

On March 7, 2014, at the Planning Commission hearing to consider the Agriculture Promotion Program, Commissioner Woods spoke about his interest in some potential changes to the Tiered Winery Ordinance that PDS staff had been discussing in concept with stakeholders. The potential changes in question would address issues that have been encountered during the initial phases of Tiered Winery Ordinance implementation. PDS discussed some of the proposed ordinance updates with the public at a workshop in January 2014. Commissioner Woods recommended including in the Commission’s motion on this item that updates to the Tiered Winery Ordinance be included as an element of the Agriculture Promotion Program. The Planning Commission voted to approve his motion on this matter. If updates to the Tiered Winery Ordinance are ultimately determined to be necessary, depending on the nature of the required updates, they may be more easily addressed under separate environmental review and, therefore, may be processed more quickly than the schedule proposed for this Agriculture Promotion Program. Potential changes to the Tiered Winery Ordinance will be considered for inclusion in the PDS Advance Planning Division Work Program for Fiscal Year 2014-15.

Work Plan Time and Costs

Upon receiving Board direction to develop the Agriculture Promotion Program with the desired elements, staff would begin to draft ordinance modifications. Regular stakeholder meetings and

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review of documents would be conducted throughout the ordinance development process to solicit feedback and respond to community questions and comments. A consultant would be hired to work with staff on the preparation of the appropriate environmental analysis and documents for the ordinance to be included in an Environmental Impact Report (EIR). Staff would also meet with community groups to discuss the proposed regulations and thoroughly vet elements of the program during public review of a draft ordinance and EIR. Staff would return to the Planning Commission for a recommendation prior to consideration of the ordinance and EIR by the Board.

As detailed in the table below, staff has prepared time and cost estimates for the Program both without (24 months, \$395,000) and with (30 months, \$480,000) the S92 winery option. The time and cost estimates assume that consultant services will be utilized for preparation of an EIR. PDS staff time would involve procuring consultant contracts, managing consultant work, conducting stakeholder outreach, coordinating with planning groups, researching project options, preparing a draft ordinance, and preparing for public review and hearings. Incorporating the S92 winery option into the program would extend the project schedule by up to six months and cost up to \$85,000 due to the additional environmental analysis and community outreach required. Staff has based its estimates of the additional time and cost on previous experience with the Tiered Winery Ordinance and the potential for a substantial number of comment letters should the S92 winery option be included.

PDS has received partial program funding for the Agriculture Promotion Program through a United States Department of Agriculture grant administered by the California Department of Public Health, Nutrition Education and Obesity Prevention (NEOP) services. NEOP funding is provided through the County’s broader Supplemental Nutrition Assistance Program Education (SNAP-Ed) project. Grant funds will be used to fund staff costs during initial development of the program, including development of the draft ordinance. The following cost estimates account for NEOP and SNAP-Ed funding.

Agriculture Promotion Program without the S92 Winery Option					
Time	Consultant Cost	Staff Cost	Total Cost	NEOP SNAP-Ed Funding	Total Cost After Grant Funding
24 Months	\$300K	\$150K	\$450K	-\$55K	\$395K
Agriculture Promotion Program with the S92 Winery Option					
Time	Consultant Cost	Staff Cost	Total Cost	NEOP SNAP-Ed Funding	Total Cost After Grant Funding
30 Months	\$350K	\$185K	\$535K	-\$55K	\$480K

PROJECT ISSUES:

N/A

ENVIRONMENTAL STATUS:

Developing an Agriculture Promotion Program is not subject to CEQA under Sections 15061(b)(3) and 15378 of the CEQA Guidelines because this activity is not a project as defined

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under CEQA and it can be seen with certainty that developing the Program will have no possible significant effects on the environment. The proposed action is for the Board to accept staff's report and provide further direction regarding potential elements of an Agriculture Promotion Program. No environmental determination is required for this action. A comprehensive environmental review will be conducted in conjunction with any future Zoning Ordinance amendments resulting from this project.

PREVIOUS ACTIONS:

On June 26, 2013 (7), the Board directed the Chief Administrative Officer to look at reducing regulations and providing more opportunities for agricultural ventures, such as microbreweries and cheese-making, to further support small-scale agricultural operations and promote agricultural tourism throughout the unincorporated portions of the County.

PUBLIC INPUT:

Staff was contacted by some Community Planning Groups (CPGs) and Community Sponsor Groups (CSGs) as a result of the Board direction. In preparation for the Planning Commission, staff solicited input from the CPG/CSGs as part of the initial work on the project. Staff has incorporated community group recommendations where applicable in developing the work plan options. For example, members of the Ramona CPG have recommended a number of initiatives to improve agriculture in the County, such as additional opportunities for agricultural tourism, bed and breakfast and agricultural homestay uses related to existing Ramona agricultural operations. The Potrero and Campo CPGs have indicated support of previous efforts to provide additional opportunities for wineries in S92 General Rural zones. Staff received a comment letter from the Endangered Habitats League expressing concern that future ordinance amendments for additional agricultural uses not be used as justification for increasing the intensity of residential uses on adjacent or nearby parcels. No changes in residential density are proposed as part of the program.

DEPARTMENT REASONS FOR RECOMMENDATION:

This project supports the Healthy Families and Sustainable Environments Strategic Initiatives in the County of San Diego's 2014-19 Strategic Plan as the project provides for more opportunities for access to locally grown produce as well as planning, development and services that support the local economy through consistent zoning for agricultural uses.

Respectfully submitted,



SARAH E. AGHASSI
Deputy Chief Administrative Officer

ATTACHMENT(S)

Attachment A – June 26, 2013 (7), Board Minute Order
Attachment B – Public Documentation

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

On June 26, 2013 (7), the Board of Supervisors (Board) directed the Chief Administrative Officer to identify ways to streamline regulations and provide more opportunities for agricultural ventures, such as microbreweries and cheese-making, to further support small-scale agricultural operations and promote agricultural tourism throughout the unincorporated portions of the County.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Planning & Development Services

OTHER CONCURRENCES(S): Agriculture, Weights and Measures; Environmental Health

CONTACT PERSON(S):

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