

Lightpost Winery

900 Lightpost Way Morgan Hill Ca 95037 408-499-9365 info@lightpostwinery.com

To: City of Morgan Hill Planning Commission,

John Baty, Principal planner

17575 Peak Avenue Morgan Hill, CA 95037

Reference: **Public Notice on the zoning code update (file No ZA2016-0006)**

Dear Planning Commission Members,

This letter is in response to City Of Morgan Hill letter dated March 16th with intent to address concerns raised by this letter in regards to proposed zoning changes from ML (Light industrial) to CI (commercial industrial) for facility located at 900 Lightpost Way in Morgan Hill (61,300 s.f. facility), parcel number 72633027.

As you may know, it is currently occupied by Prism Electronics Corp (Wholesale electronics distribution and Asset recovery company) and Lightpost Winery. Prism Electronics has been doing business in Morgan Hill since 2005, proudly employing over 60 employees and have been at this facility since 2014. Lightpost Winery is a new business intended for wine production and public tasting room associated activities including public wine tasting, culinary wine pairing, Tasting/Tours/Marketing Events, private group tasting, corporate, private events. Both light industrial activities and commercial activities are included here.

Current Morgan Hill Code of Ordinance, section 18.36.020 - Permitted uses for ML district allows food production, including wine. Conditional use permit was received for winery tasting room in accordance with Section 18.36.030 (which is ancillary to and supportive of permitted uses).

Parcel use is consistent with Morgan Hill 2035 General Plan to create "A vibrant, enhanced, visible, and well-promoted tourist industry that draws on Morgan Hill's unique character and variety of amenities" and supports Wine Tourism goal (Policy ED-4 "Wine Tourism. To enhance the City's appeal as a tourism destination, support efforts to further develop the local wine industry").

It is also consistent with 2035 General Plan Land Use Map designating this parcel as "commercial/industrial" (Figure CNF-3), which is designated as "Retail, office, services or warehouses, offices, manufacturing" (TABLE CNF-2, Summary of Land Use Designations). Public tasting room, culinary experience in the form of food and wine pairing, direct-to-consumer wines sales manufactured at the facility are indeed retail and service activities. It is "enhancing the City's position as a hub for wine tourism". Its location boarding regional Freeway 101 provides "Regional Freeway Visibility and Access. Encourage the location of tourist- and recreation oriented commercial development and support facilities along the freeway" plus "Actively promote development of tourist-oriented commercial, industrial, and recreational uses and facilities, including such uses as lodging, meeting and conference centers, outdoor restaurants, wine and beer tasting, and farmers' markets".

Activities of both businesses at this facility can support vision and many goals that City established:

Fiscal sustainability, economic development, growth management, tourism support services, tourism marketing and branding, etc. (sections of CNF-18, CNF-19, ED1-ED4).

We are concerned that proposed zoning changes in draft Code in its current form may compromise or restrict our business activities now or in the future, reducing its viability and attractiveness for new investors, vendors, customers, visitors. Hopefully some updates can be added to the draft Code, otherwise we'd like to reserve the opportunity to keep our existing zoning code.

Some of the concerns are outlined below with added notes.

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Table 18-26.1 Permitted Land Uses in the industrial zoning districts.

Currently we are permitted by right to have a winery at our facility and a conditional use permit for tasting room.

Proposed zoning suggests food and Beverage production > 10,000 s.f. now requires to obtain Conditional use permit. While we are currently under 5,000 of production area- we have full intent to grow our business and expand above 10,000 in the next couple years.

If **(P2) code** (instead of C) can be used for both facilities size between 5,000,<10,000 square foot and >10,000s.f- it will allow us to expand our business and invest additional capital without fear and business uncertainty.

The current code Section **18.36.020 - Permitted uses** section states that "Food production, when located one hundred fifty feet or more from a residential zone, measured at the nearest building corner, and when the type of food being produced will not emit a generally offensive odor. Examples include items such as bakery goods, sugar and confectionary products, grain products, beer or wine – that note can be kept in the new code as well if needed.

Table 18.26.1 Notes (6)

It is unclear the purpose of restricting the tasting room size to 10% or 3000 s.f. Tasting room brings visitors and 3000 s.f. tasting room is fairly small size for the winery (that may include not only main tasting room but club member tasting room, corporate visitors tasting room, etc). More visitors- more revenue generated for the City and for the business. It is fairly common practice also when some wineries outsource part of their production to custom crush facilities – therefore reducing the needs to have large production facility but bottle and sell their product on the premises via direct-to consumer sales (therefore in need for larger tasting room, so 90/10% ratio proposed in new code may not be efficient use of available space).

While it does not apply to our specific situation, tasting room not necessarily located within the building occupied by primary use- often it is a separate structure on the same site (Note 6 specifies that tasting room must be within the building).

Tasting room size would be more appropriately defined by demonstrated building capacity (size, parking) rather than manufacturing/tasting room square footage percentage ratio.

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Table 18.26.1

Warehouse and distribution – with current zoning allowed permitted by right.

It is understandable that large distribution facilities shall have conditional use permit, but for smaller facilities (Warehouse and Distribution, Small) it would be greatly appreciated if we keep the business opportunity the same and permitted by right (code P) for “Warehouse and Distribution, Small” category.

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Freestanding freeway-oriented signs consistent with Section 18.88.100.C

If there is an opportunity to allow Freestanding sign in support to winery tasting room operations (as freeway- dependent business) on our parcel since the property directly oriented towards Hwy 101- it would be greatly appreciated.

We commend City of Morgan Hill team efforts to make zoning codes more efficient/adaptable.

We also believe this can, and should, be done without compromising existing commercial/industrial operations and hope that City will take our request into consideration.

Thank you,

Sofia Fedotova
Lightpost Winery, Prism Electronics owner

John Mauro
Lightpost Winery, Prism Electronics owner