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Agenda Date: 1/17/2018

Agenda Placement: 8B

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission

FROM: Charlene Gallina for David Morrison - Director
Planning, Building and Environmental Services

REPORT BY: Jason Hade, Planner III - (707) 259-8757

SUBJECT: Cuvaison Winery Use Permit Major Modification P16-00146

RECOMMENDATION

CUVAISON, INC / CUVAISON WINERY / USE PERMIT MAJOR MODIFICATION NO. P16-00146 -MOD

CEQA Status: Consideration and possible adoption of a Negative Declaration. According to the proposed Negative Declaration, the project would not have any potentially significant environmental impacts. The project site is not included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5.

Request: Approval of a Use Permit Major Modification to permit the expansion of an existing 340,000 gallon winery to allow the following: (1) Construction of a 2,860 square foot office within the existing barrel building; (2) Upgrading of the existing wastewater system and associated infrastructure consistent with County Code to include one (1) additional 2,500 gallon septic tank and dispersal field expansion; (3) Increase daily tours and tastings from 75 persons per day (by appointment only), 525 person per week maximum to 180 persons per day (by appointment only), 1,260 visitors maximum per week; (4) A Marketing Program to establish the following: (a) 24 annual events for up to 60 guests; (b) 13 annual events for up to 200 guests; and (c) One (1) wine auction related event per year for up to 200 guests; (5) On-premises consumption of wines produced on site in the outdoor patio area in accordance with Business and Professions Code Sections 23358, 23390 and 23396.5; (6) Increase on-site employees from 10 full-time employees and 12 harvest season employees to 28 full-time employees and 24 harvest season employees; (7) Increase parking spaces from 23 spaces to 34 spaces; (8) Change the winery's tasting room hours of operation from 10:00 AM to 4:00 PM to 10:00 AM to 7:00 PM; (9) Installation of a left-turn lane on Duhig Road at the project's access driveway and paving and striping at the intersection of Duhig Road and State Route 12-221 [Required by County]; and (10) Deletion of condition of approval number 2 in previously-approved Major Modification Use Permit modification P05-0452-MOD which requires tasting and tours be completed by 4:00 PM and retail wine sales be completed by 4:30 PM. No new buildings or other external changes to the winery's physical facility are proposed, nor any increase in production. The applicant had also included a request for an exception to the Napa County Road and Street Standards (RSS) left-turn lane requirement. The request proposed an exception to allow the Cuvaison Winery Use Permit Modification to be approved without the requirement that a left turn lane be installed at the intersection of the property driveway and Duhig Road. However,

this request has been denied under a separate action of the Public Works Director per the procedures set forth in the RSS.

The project is located on an approximately 392 acre site within the AW (Agricultural Watershed) zoning district on the east side of Duhig Road approximately 735 feet south of its intersection with State Route 12-121; 1221 Duhig Road, Napa, CA; APN: 047-120-005; and 006.

Staff Recommendation: Adopt the Negative Declaration and approve the Use Permit Major Modification, as conditioned.

Staff Contact: Jason R. Hade, AICP, Planner III, (707) 259-8757 or jason.hade@countyofnapa.org

Applicant Contact: Tom Adams, Dickenson Peatman, & Fogarty, 1455 First Street, Suite 301, Napa, CA 94559; (707) 252-7122

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Adopt the Negative Declaration based on recommended Findings 1-7 in Attachment A; and
2. Approve Use Permit Major Modification P16-00146-UP based on recommended Findings 8-12 in Attachment A, and subject to the recommended conditions of approval in Attachment B.

Discussion:

This winery was initially approved by the Planning Commission on May 15, 2002 under Use Permit #01254-UP. The proposal is to expand the existing 340,000 gallon winery by increasing daily tours and tastings from 75 persons per day (by appointment only), 525 person per week maximum to 180 persons per day (by appointment only), 1,260 visitors maximum per week. A Marketing Program would establish the following program: (a) 24 annual events for up to 60 guests; (b) 13 annual events for up to 200 guests; and (c) one wine auction event for up to 200 guests. No new buildings or other external changes to the winery's physical facility are proposed, nor any increase in production.

The applicant had also included a request for an exception to the Napa County Road and Street Standards (RSS). The request proposed an exception to allow the Cuvaison Winery Use Permit Modification to be approved without the requirement that a left turn lane be installed at the intersection of the property driveway and Duhig Road. The applicant proposed only to install paving and striping at the intersection of Duhig Road and State Route 12-221. This request was considered by the County's Public Works Director and denied on September 28, 2017 as the required findings could not be met. This decision is appealable to the Board of Supervisors after the Planning Commission acts on this project request as a whole.

Staff has reviewed the proposal and found it to be consistent with the Zoning Ordinance and applicable General Plan policies. Although the requested increase in visitation exceeds the average and median of similar production capacity by appointment and pre-WDO wineries, potential environmental impacts were found to be less than significant, including transportation/traffic impacts. The requested maximum visitation numbers are also below those of Etude winery which is approved for less maximum annual production than Cuvaison Winery and also lies within the Carneros region. The proposed marketing program is below the average and median numbers of

similar production pre-WDO wineries both in terms of annual marketing visitors and number of annual events. Furthermore, the applicant proposes to install bicycle parking facilities at the winery and has already implemented 13 Green House Gas (GHG) reduction methods including certification as a Napa Green Winery and Napa Green Land. Based on these reasons, staff recommends approval of the project subject to the recommended conditions of approval.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

Consideration and possible adoption of a Negative Declaration. According to the proposed Negative Declaration, the project would not have any potentially significant environmental impacts. The project site is not included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5.

BACKGROUND AND DISCUSSION

Owner: Cuvaision, Inc., Bonnie K. Schoch, CFO, 1001 Adams Street, Suite 102, St. Helena, CA 94574; (707) 942-2450

Representative: Tom Adams, Dickenson, Peatman, & Fogarty, 1455 First Street, Suite 301, Napa, CA 94559; (707) 252-7122

Zoning: Agricultural Watershed (AW) District

GP Designation: Agricultural Resource (AR) and Agriculture, Watershed, and Open Space (AWOS) Designations

Filed: April 5, 2016

Resubmittal Received: August 1, 2016, March 9, 2017, and June 15, 2017

Deemed Complete: November 1, 2017

Parcel Size: 392 acres

Existing Development: The existing site consists of approximately 266 acres of vineyards. The site also includes a 23,340 square foot winery production building, 9,350 square foot barrel building, 2,350 square foot tasting building, 320 square foot pump house, single-family residence and 23 parking spaces. Other site improvements include three wells on APN 047-120-006, a 10,000 gallon water storage tank, a 60,000 gallon fire protection storage tank, four (4) on-site reservoirs totaling 190 acre-feet (AF), and a wastewater treatment system. Existing winery access is provided via a driveway to Duhig Road.

Approved and Proposed Winery Characteristics

Winery Size- Approved and Existing: 35,360 square feet (buildings).

Winery Size - Proposed: No change.

Production Capacity Approved: 340,000 gallons per year.

Production Capacity Proposed: No change.

Winery Development Area- Approved and Existing: 37,369 square foot winery development area with uses identified above.

Winery Development Area- Proposed: No change.

Winery Coverage Approved: 154,332 square feet or approximately 1.7%.

Winery Coverage Proposed: No change.

Accessory/Production Ratio Approved: 1,450 square feet accessory/35,919 square feet production - approximately 4%.

Accessory/Production Ratio Proposed: 2,860 square feet accessory/34,544 square feet production - approximately 8.3%.

Number of Employees Approved: 10 full-time and 12 harvest season employees.

Number of Employees Proposed: 28 full-time and 34 harvest season employees.

Visitation - Approved: 75 visitors per day by appointment only and 525 visitors per week.

Visitation - Proposed: Maximum of 180 visitors per day by appointment only and 1,260 visitors per week.

Marketing Program- Approved: None.

Marketing Program- Proposed: A Marketing Program would establish the following program: (a) 24 annual events for up to 60 guests; (b) 13 annual events for up to 200 guests; and (c) one wine auction event for up to 200 guests. Total events permitted under modified marketing program would be 38 per year.

Days and Hours of Operation- Approved: 7 AM to 5:00 PM daily (production hours) and 10:00 AM to 4:00 PM Monday through Sunday (visitation hours). All events to conclude by 10 PM.

Days and Hours of Operation- Proposed: 7 AM to 5:00 PM daily (production hours) and 10:00 AM to 7:00 PM Monday through Sunday (visitation hours). All events to conclude by 10 PM.

Parking- Approved: 23 parking spaces.

Parking- Proposed: 34 parking spaces.

Adjacent General Plan Designation/ Zoning / Land Use:

North: Agricultural Resource (AR)/Agricultural Watershed (AW) zoning/agricultural use (Domaine Carneros winery and vineyards)

South: Agriculture, Watershed, and Open Space (AWOS)/AW zoning/agricultural use (vineyards)

East: AR/AW zoning/agricultural use (vineyards) and large lot residential

West: AWOS/AW zoning/rural residential use and agricultural use (vineyards)

Nearby Wineries: (located within 1 mile of the project)

Please refer to Attachment K.

Parcel History:

On May 15, 2002, Use Permit (#UP01254-UP) was approved for a 340,000 gallon per year winery including the construction of 34,350 square feet of new winery buildings and eight full time employees (10 full time employees during harvest). A modification to the Use Permit (#03241-MOD) was subsequently approved on July 9, 2003 which

authorized the conversion of a previously approved lab/office building to two buildings, the relocation of the septic system and wastewater ponds, and an increase in the number of outdoor fermentation tanks. Use Permit Modification (P05-0452-MOD) was approved on February 24, 2006 which permitted a maximum of 75 visitors per day for tours and tastings, 10 full time employees (12 full time employees during harvest), and an increase in the parking spaces provided from 10 to 23 spaces. The most recent Use Permit Modification (P07-00871-MOD), approved on April 22, 2008, permitted the expansion of the existing tasting room to 2,350 square feet, interior changes to the main winery building, and a comprehensive sign program.

Cuvaison Incorporated sold their Calistoga facility in April 2015 necessitating the relocation of the existing employees to the Carneros facility. These existing employees are currently working out of leased space in St. Helena. As a result, the additional proposed office space is needed. The applicant also seeks to relocate some of the visitation and marketing program activities which were occurring at the Calistoga facility to their Carneros facility.

Code Compliance History:

There are no open or unresolved code cases for the project site.

Discussion Points:

Setting - The 392 acre project site is located within the AW zoning district on the east side of Duhig Road approximately 735 feet south of its intersection with State Route 12-221. Site topography ranges from 0-30 percent within the vineyard area. Published geologic mapping of the vicinity indicate that the eastern margin of the property is underlain at the surface by volcanic units of the Tertiary-age Sonoma Volcanics, which are overlain throughout most of the western portions of the property by sedimentary strata of the Huichica formation. The site is developed with winery buildings, a single-family residence, four irrigation reservoirs and three (3) wells.

The property is surrounded by vineyards and rural residential uses. Domaine Carneros Winery and di Rosa art center lie to the north of the proposed project site while rural residential uses are located to the east of the site. Acacia Winery and rural residential uses are located immediately to the south of the Cuvaision Winery while vineyards and rural residential uses are located to the west of the site. The existing winery buildings are located approximately 2,535 feet to the southeast of the nearest neighboring residence. The project site is located outside the boundaries of the 100 and 500 year flood hazard zones. Native vegetation of the site includes grassland; most of the site is disturbed and primarily planted with vineyards and developed with a winery.

Winery Proposal - The proposal is to modify an existing winery to permit an increase in the maximum number of daily and weekly visitors by appointment. A marketing program and authorization to extend visitation hours from a currently permitted closing time of 4:00 PM to 7:00 PM is also requested. The applicant has also requested the deletion of previously approved Major Modification Use Permit P05-0452-MOD COA No. 2 which requires tasting and tours be completed by 4:00 PM and retail wine sales be completed by 4:30 PM. This change is reflected in the recommended conditions of approval (Attachment B). A table summarizing existing and proposed changes and the net change in these areas has been provided in Attachment K.

Visitation/Marketing Program - As shown in Attachment K, although the requested increase in visitation exceeds the average and median of similar production capacity by appointment and pre-WDO wineries, potential environmental impacts were found to be less than significant, including transportation/traffic impacts with implementation of standard conditions of approval. The requested maximum visitation numbers are also below those of Etude Winery which is approved for less maximum annual production than Cuvaision Winery and also lies within the Carneros region. The proposed marketing program is below the average and median numbers of similar production pre-WDO wineries both in terms of annual marketing visitors and number of annual events. The proposed visitation increase could result in a maximum of 65,520 tastings per year, but it is very unlikely that the

winery would host 180 visitors for 365 days per year. Based on a current permitted maximum of 75 visitors per day and 525 visitors per week, the winery may host 27,300 tastings per year. Staff recommends that no daily tastings be scheduled when 200 person marketing events are scheduled. (Refer to COA No. 4.3.e)

Although staff is supportive of the proposed visitation and marketing program modification based on the lack of potentially significant impacts identified in the project's environmental document, a reduced project alternative which would scale back the requested visitation is included for Commission consideration below under the Decision Making Options section of this report.

Traffic and Parking - W-Trans prepared a *Traffic Impact Study* on September 21, 2017. Net new daily trips would be 136 trips on a weekday and 130 trips on a weekend. Weekend PM peak hour trips would be 51 trips (17 in and 34 out) and weekend PM peak hour trips would be 74 trips (37 in and 37 out). The requested additional marketing events would have up to 200 attendees at the largest event which would occur 14 times a year. These events would typically be held outside the peak hour for traffic and would be anticipated to generate 163 trip ends at the driveway including 81 inbound trips and 82 outbound trips.

According to the study, "SR 12-121/Duhig Road is operating unacceptably at LOS F on the Duhig Road approach during both peak periods under Existing, Existing plus Approved, and Future Conditions. Upon adding project-generated trips, and with the proposed improvements to provide separate left-turn and right-turn lanes on the Duhig Road approach, delays would be less with the project than without it, resulting in a less-than-significant impact" (*Traffic Impact Study for Cuvaision Winery, 2017*). The intersection of SR 12-121 is operating unacceptably during the weekday PM peak hour at LOS E and acceptably during the weekend midday peak hour at LOS D under Existing and Existing plus Approved conditions, with and without project-added trips. This intersection is anticipated to operate unacceptably at LOS F during the weekday PM peak hour and at LOS E during the weekend midday peak hour under Future and Future plus Project conditions. The study found that the project would have a less than significant impact under all scenarios, including those where the study intersection is operating unacceptably without project-added volumes, because the project-added volumes represent less than one percent of existing or existing plus approved volumes and less than five percent of the difference between existing and projected future volumes. The study also evaluated queuing on northbound Duhig Road at SR 12 which is expected to increase to 220 feet under existing weekend midday peak hour volumes plus special event traffic. "The distance on Duhig Road between SR 12 and the nearest driveway is 650 feet, so existing space is adequate for the projected queue lengths. Queuing in the westbound SR 12 direction is expected to remain within the existing storage length of the left-turn pocket, which is 200 feet" (*Traffic Impact Study for Cuvaision Winery, 2017*). Public Works Department staff reviewed the study and concluded that the study adequately demonstrates that the proposed use in the proposed location would not result in any significant impacts, either project-specific or cumulative, on traffic circulation in the vicinity. Therefore, the project would result in a nominal increase in trips on the study area transportation network. Additionally, a project specific condition would ensure that all marketing events be scheduled outside peak weekend midday hours (12:00 noon to 2:00 PM), peak weekend PM hours (4:00 PM to 6:00 PM), and weekday (4:00 PM to 6:00 PM) traffic hours.

After implementation of the proposed project, the site would continue to be accessed via a driveway on Duhig Road. Sight distance along Duhig Road at the project driveway was evaluated based on sight distance criteria contained in the *Highway Design Manual* published by Caltrans. The study found that "sight distance along Duhig Road in both directions from the driveway is clear for more than 600 feet, which exceeds the minimum sight distance required for vehicles traveling 50 mph. Similarly, drivers on Duhig Road will have visibility of a vehicle stopped to turn left onto the driveway for more than 600 feet, which is also adequate" (*Traffic Impact Study for Cuvaision Winery, 2017*). A project specific condition would require that any proposed landscaping be maintained in a manner which does not interfere with this sight distance. Proposed site access was reviewed and approved by the Napa County Fire Department, Engineering Services Division, and Public Works Department, as conditioned.

The proposal includes the striping of an additional 11 parking spaces within an existing paved area for a total of 34

parking spaces. Based upon the County standard of 2.6 persons per vehicle during weekdays and 2.8 persons per vehicle during weekends and 1.05 persons per vehicle for employees the minimum parking required for daily activities would be 96 parking spaces. However, it is unlikely that the winery would host 180 visitors at one time and have 28 full-time employees at the site at one time.

Left Turn Lane and Road and Street Standards Exception - Based on the forecast of traffic to be generated by the proposed project, the project would require the installation of a left-turn lane at the location of the proposed project driveway on Duhig Road. The project included a request for an exception to the Napa County Road and Street Standards (RSS) (Attachment F). The request proposed an exception to allow the Cuvaison Winery Use Permit Modification to be approved without the requirement that a left turn lane be installed at the intersection of the property driveway and Duhig Road. The request proposed an exception because construction of the left-turn lane would result in the need to relocate four utility poles, impact an established drainage course, and potentially require the removal of a portion of existing vineyards. The applicant further argued that a left-turn lane would not be required if Caltrans standards were applied rather than the Napa County RSS. The applicant proposed only to install paving and striping at the intersection of Duhig Road and State Route 12-221. This request was considered by the County's Public Works Director and denied on September 28, 2017 (Attachment F). This decision is appealable to the Board of Supervisors after the Planning Commission acts on this project request as a whole.

Groundwater Availability - The Carneros Region is considered "all other areas" based upon current County Water Availability Analysis (WAA) policies and therefore water use criteria is parcel specific based upon a Tier 2 analysis. A Tier 2 analysis was completed by RAM Engineering on September 27, 2016 which included a parcel specific recharge evaluation prepared by Wagner and Bonsignore. According to the recharge evaluation, "For the site, with 26 inches of average rainfall, the hydrograph-derived average year recharge would amount to about $2.17 \text{ ft} \times 0.14 = 0.30$ feet (or acre-feet/acre), with about $2.17 \times 0.08 = 0.17$ acre-ft/acre in a drought period. Over the 392 acre property, this amounts to recharge of about 118 acre-feet in a normal year, and about 67 acre-feet during drought periods" (*Estimate of Groundwater Recharge Carneros Cuvaison Winery Property, 1221 Duhig Road, Napa, 2016*). Existing water demand for the site is 148.20 AF/YR. The subject parcel currently sources water from three wells. According to the WAA prepared by RAM Engineering, the primary winery well was constructed in April 2006. The project proposes to use the primary well as the main project water source capable of providing winery related water demand. The onsite reservoirs provide 142 acre-feet of diversion rights, none of which include groundwater extraction. These reservoirs are not fed by a groundwater source, they are fed by direct rainfall, surface runoff, drain tile water, Carneros Creek, and recycled process wastewater generated by the winery. According to the WAA, a total future demand of 6.51 AF/YR in a normal rainfall year, representing a 141.7 AF/YR decrease, because of the shift from groundwater to the reservoirs, would be required to serve the site which is below the parcel's anticipated groundwater recharge rate of 118 AF/YR in a normal year. In summary, the existing yield would be sufficient to serve all uses on the property. Any project which reduces water usage or any water usage which is at or below the established threshold is assumed not to have a significant effect on groundwater levels. Impacts would be less than significant as there is sufficient water supply available to serve the proposed project.

Wastewater - Wastewater disposal would be accommodated on-site and in compliance with State and County regulations. According to the Wastewater Feasibility Study prepared by RAM Engineering in May 2016, the project site and proposed system has adequate disposal capacity to serve the project. The study concluded "that adequate expansion area exists to accommodate the proposed increase in flows associated with this Use Permit modification request" (Wastewater Feasibility Study, 2016). The Division of Environmental Health reviewed this report and concurred with its findings.

Greenhouse Gas Emissions - The County requires project applicants to consider methods to reduce Green House Gas (GHG) emissions consistent with Napa County General Plan Policy CON-65(e), which requires GHG review of discretionary projects. The applicant has completed the Department's Best Management Practices Checklist for Development Projects, which is attached to this report as Attachment F. As discussed above, the applicant proposes to install bicycle parking facilities on-site. The existing winery has already implemented the

following GHG reduction practices: installation of approximately 20,000 square feet of solar panels on the winery roof; planting of approximately 70 native trees along the driveway, near the irrigation pond, and along Carneros Creek; use of two gas/electric hybrid vehicles; installation of a cool roof; encouraging employees to commute via bicycles; installation of water efficient fixtures; use of a permeable surface parking lot; installation of water efficient landscape; recycling 75 percent of all waste; certification as a Napa Green Winery and Napa Green Land; use of recycled materials; education to staff and visitors on sustainable practices; and the use of 70 to 80 percent cover crop.

Grape Sourcing - No change in the winery's production capacity is requested as part of this application. As a winery established after the enactment of the WDO, the existing production capacity of 340,000 gallons continues to be subject to the 75% rule.

Public Comments - At the time of staff report preparation, one public comment in support of the project had been received and is provided in Attachment L.

Decision Making Options:

As noted in the Executive Summary Section above, staff is recommending approval of the project with conditions of approval as described in Option 1 below. Decision making options also include a no project alternative and a reduced project alternative.

Option 1 - Applicant's Proposal (Staff Recommendation)

Disposition - This option would result in approval of the proposed modifications to the 340,000 gallon per year winery. Staff recommends this option as the request is consistent with the Zoning Ordinance and applicable General Plan policies. Potential environmental impacts were found to be less significant. Adequate water is available to implement the project and capacity enhancing roadway improvements are proposed as part of the project. The applicant also proposes to incorporate an additional GHG reduction method beyond those reduction measures which have already been implemented at the site.

Action Required - Follow the proposed action listed in Executive Summary. If conditions of approval are to be amended, specify conditions to be amended at time motion is made. This option has been analyzed for its environmental impacts, which were found to be less than significant.

Option 2 - Reduced Project Alternative

Disposition - This option would reduce the scope of the project via a reduced visitation program.

Action Required - Follow the proposed actions listed in the Executive Summary and amend scope and project specific conditions of approval to require a reduction in the requested visitation program. If major revisions of the conditions of approval are required, the item will need to be continued to a future date.

Option 3 - Deny Proposed Project

Disposition - In the event the Commission determines that the project does not, or cannot meet the required findings for the granting of a Use Permit modification, Commissioners should identify what aspect or aspects of the project are in conflict with the required findings. State Law requires the Commission to adopt findings, based on the General Plan and County Code, setting forth why the proposed Use Permit modification is not being approved. Based on the administrative record as of the issuance of this staff report, there does not appear to be any evidence supporting denial of the project.

Action Required - Commission would take tentative motion to deny the project and remand the matter to staff for preparation of required findings to return to the Commission on a specific date.

Option 4 - Continuance Option

The Commission may continue an item to a future hearing date at its own discretion.

SUPPORTING DOCUMENTS

- A . Recommended Findings
- B . Recommended Conditions of Approval and Final Agency Approval Memos
- C . Previous Project Conditions
- D . Initial Study/Negative Declaration
- E . Use Permit Application Packet
- F . Road Exception Request and Public Works Determination
- G . Water Availability Analysis
- H . Wastewater Feasibility Study
- I . Traffic Study
- J . Graphics
- K . Winery Comparison Analysis and Summary of Changes
- L . Public Comments

Napa County Planning Commission: Approve

Reviewed By: Vincent Smith