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Agenda Date: 11/15/2017

Agenda Placement: 8D

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: Emily Hedge, Planner II - 259-8226
SUBJECT: Vincent Arroyo Winery - Use Permit Major Modification P16-00327

RECOMMENDATION

MA VINEYARD PROPERTIES LLC / VINCENT ARROYO WINERY / USE PERMIT MAJOR MODIFICATION # P16-00327-MOD

CEQA Status: Consideration and possible adoption of a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program (MMRP). According to the revised, proposed Mitigated Negative Declaration, the proposed project would not have any potentially significant environmental impacts after implementation of mitigation measures. Mitigation measures are proposed for the area of transportation and traffic. 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 (P16-00327- MOD) to modify an existing 20,000 gallon winery to permit: 1) Increase in wine production from 20,000 to 70,000 gallons annually; 2) Increase in number of employees to a maximum of 10; 3) Change in the visitation hours of operation from the existing 9:30 a.m. - 4:30 p.m. to 9:30 a.m. - 6:00 p.m. (production hours remain 7:30 a.m. - 5:00 p.m.); 4) Increase in tours and tastings by appointment from 30 persons per day to a maximum of 50 persons per day; 5) Increase in the marketing program to include one 100-person event, three 200-person events, four 130-person events, and twelve 20-person events; 6) Catering or pre-packaged food for events and tastings; 7) Visitation and marketing events to occur in the existing rose garden; 8) Seven (7) additional parking spaces for a total of 13 spaces; 9) Upgrade to the existing wastewater system; 10) Installation of a domestic water system served by a new well; and 11) Widening of the existing driveway to meet current Road and Street Standards. The project is located on a 22.62-acre site on the north side of Greenwood Avenue, directly north of the City of Calistoga, within the AP (Agricultural Preserve) zoning district. 2361 Greenwood Avenue, Calistoga, CA 94515. APN: 017-230-020.

Staff Recommendation: Adopt the proposed Mitigated Negative Declaration and approve the requested Major Modification to the previously approved use permit, as conditioned.

Staff Contact: Emily Hedge, Planner II, phone 707-299-8226 or email emily.hedge@countyofnapa.org

Applicant Contact: Matthew Moye, 2361 Greenwood Avenue, Calistoga, CA 94515; (707) 942-6995;
matt@vincentarroyo.com

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Adopt the Mitigated Negative Declaration and MMRP based on recommended Findings 1-6 in Attachment A; and
2. Approve Use Permit Major Modification P16-00327 based on recommended Findings 7-11 in Attachment A, and subject to the recommended conditions of approval in Attachment B.

Discussion:

The winery was originally approved under a Small Winery Use Permit Exemption in November 1982 for 20,000 gallons per year. In 1998, the Planning Commission approved a Use Permit which recognized the existing winery and allowed modifications, including additional building square footage, an outdoor work area, by-appointment tours and tastings, and marketing events. The Use Permit superseded the Small Winery Exemption. Since 1998, one Modification and three Very Minor Modifications were approved to permit additional buildings and site development, and to permit on-premises consumption in the outdoor rose garden.

The project consists of approval of a major modification to increase production capacity from 20,000 gallons to 70,000 gallons. Proposed operational changes include a change in hours of operation for visitation, an increase in the number of employees, visitors, and marketing events, and an expansion of allowed areas of visitation and marketing events to include the existing rose garden. Proposed physical improvements include adding seven parking spaces for a total of 13 spaces; upgrading the existing wastewater system; installing a domestic water system served by a new well; and widening the existing driveway to meet current County Road and Street Standards.

Staff has reviewed the proposal and found it to be consistent with the Zoning Ordinance and applicable General Plan policies. Implementation of the proposed project would result in minimal potential environmental impacts. 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 Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program (MMRP). According to the proposed Mitigated Negative Declaration, the proposed project would not have any potentially significant environmental impacts after implementation of a mitigation measure for transportation safety. The project site is not included on a list of hazardous materials sites compiled pursuant to Government

Code Section 65962.5.

BACKGROUND AND DISCUSSION

Property Owner/Applicant: Vincent and Marjorie Arroyo, 2361 Greenwood Avenue, Calistoga, CA 94515, (707) 942-6995

Applicant: Matthew and Adrian Moye, 2361 Greenwood Avenue, Calistoga, CA 94515, (707) 942-6995

Zoning: AP (Agricultural Preserve) District

General Plan Designation: Agricultural Resource (AR)

Application Filed: August 8, 2016; **Resubmittals Received:** December 13, 2016; January 23, 2017; **Application Complete:** July 24, 2017

Parcel Size: 22.62 acres

Existing Development: The parcel is currently developed with a winery and associated development, a residence, and a guest house. Approximately 18 acres are planted in vineyards.

Winery Characteristics

Approved/Existing Winery Buildings Size: Approximately 9,500 square feet

Proposed Winery Building Size: No change

Approved/Existing Production Capacity: 20,000 gallons of wine per year

Proposed Production Capacity: 70,000 gallons of wine per year

Approved/Existing Winery Development Area: Approximately 2,000 square feet

Proposed Winery Development Area: Approximately 2,850 square feet

Approved/Existing Winery Coverage: 2% of the site (maximum 25% allowed)

Proposed Winery Coverage: No change

Approved/Existing Accessory to Production Ratio: 7.5% (12,388 gross square feet production area, 932 gross square feet accessory area; maximum 40% of production area allowed)

Proposed Accessory to Production Ratio: No change. The applicant included the existing rose garden area (3,600 square feet), which is proposed to be used for visitation and marketing events, in the Proposed Accessory Use calculation in the application. Inclusion of this area would increase the ratio to 36%. However, outdoor areas used for visitation and marketing events are not included in the calculation of Accessory areas, therefore there will be no change in the Accessory to Production Ratio.

Approved Number of Employees: 3 employees

Proposed Number of Employees: 10 employees

Approved Visitation: By appointment, for up to 30 visitors per day

Proposed Visitation: By appointment, for up to 50 visitors per day

Approved Marketing Program: one 130-person event and one 200-person event

Proposed Marketing Program: one 100-person event, four 130-person events, three 200-person events, and twelve 20-person events one events

Approved Hours of Operation:

Non-harvest production hours - 7:30 a.m. to 5:00 p.m. daily

Visitation - 9:30 AM - 4:30 PM daily

Proposed Hours of Operation:

Non-harvest production hours - No Change

Visitation - 9:30 a.m. - 6:00 p.m.

Approved On-site Parking: 6 total stalls

Proposed On-site Parking: 13 total stalls

Setbacks Required: 20 feet from side and rear lot lines, 30 feet from centerline of Greenwood Avenue, 50 feet from Garnett Creek (identified on original winery approval).

Existing Setbacks: Approximately 675 feet from centerline of Greenwood Avenue; approximately 100 feet from nearest side property line; all winery development is at least 50 feet from Garnett Creek.

Proposed Setbacks: No change (winery structures currently compliant with required setbacks)

Adjacent General Plan Designations/Zoning Districts/Land Uses:

North, East, and West: AR General Plan, AP Zoning, residences and vineyards

South: The City of Calistoga is located on the south side of Greenwood Avenue. Areas directly across from the winery include residences, vineyards, and one winery.

Nearby Wineries (within one mile of project site):

Attachment L lists 16 wineries operating or approved to operate on properties within one mile of the Vincent Arroyo Winery site. Four of the wineries are in the City of Calistoga.

Parcel History:

Small Winery Use Permit Exemption - On November 17, 1982, it was determined that the proposed winery qualified for a small winery use permit exemption. At the time, the small winery definition limited production capacity to 20,000 gallons per year, and did not permit public tours, wine tastings, sales of winery related items, or public social events.

Permit 97405-UP - On May 6, 1998, the Planning Commission approved the use permit which recognized the existing winery and allowed modifications. The use permit superseded the small winery exemption. The permit recognized the existing 20,000 gallon production level and the existing 3,500 sq. ft. winery building, 1,170 sq. ft. covered outdoor work area, and six parking spaces. The permit allowed a 2,500 sq. ft. barrel storage building, 900 sq. ft. breezeway, 1,750 outdoor work area, six parking spaces, by-appointment tours and tastings, marketing events, and two alternating proprietors.

Permit 98074-MOD - On October 20, 1998, the Director approved a use permit modification for the construction of a roof over and existing concrete area for three additional fermentation/wine storage tanks, an entry structure, and a partition wall in the approved but unbuilt wine storage building.

Permit P07-00065-VMM - On April 25, 2007, the Director approved a use permit modification for the construction of a 1,500 square foot addition for barrel washing and storage.

Permit P08-00597-VMM - On January 9, 2009, the Director approved a use permit modification for the construction of an approximately 900 square foot winery addition for wine storage, an approximately 940 square foot addition to the office area, accessible toilets, and a second stair well.

Permit P13-00259-VMM - On September 6, 2013, the Director approved a use permit modification for the construction of a crush pad cover and to permit on-premises consumption in the existing picnic area of the winery.

Code Compliance History:

There are no current code violations related to this property.

In 2007 Code Case #CE2701 was opened for the conversion of a mezzanine into office space. Additionally the existing spiral staircase did not meet building code requirements. Use Permit modifications #98074-MOD and P07-00065-VMM were approved and building permits were issued. The case was closed.

Discussion Points:

Setting - The 22.62-acre parcel is located on the north side of Greenwood Avenue, directly north of the City of Calistoga. The parcel is currently developed with a winery and associated development, a residence, and a guest house. Approximately 18 acres are planted in vineyards. The property is accessed off of a private driveway that only serves the property.

Modifications to Winery Operations - Request to increase production capacity from 20,000 gallons to 70,000 gallons. Proposed operational changes include a change in hours of operation for visitation, increasing the number of employees, number of visitors permitted for visitation, and number of marketing events, and allow use of the existing rose garden for visitation and marketing events. Proposed physical improvements include adding seven parking spaces for a total of 13 spaces; upgrading the existing wastewater system; installing a domestic water system served by a new well; and widening the existing driveway to meet current County's Road and Street Standards.

Visitation and Marketing Program - Request to increase by-appointment visitation from a maximum of 30 people per day to 50 people per day. The marketing program is proposed to increase from two events per year to 20 events per year. The proposed modification would not change the size of the largest event (200-person), but would increase the potential frequency of events. Events currently occur and are proposed to continue to occur in the tasting room. Additionally, events are proposed to occur in the outdoor rose garden and the existing paved area between the tasting room and the rose garden. There will be no regular visitation allowed during the marketing events with more than 20 people. The applicant proposes to finish events, excluding quiet clean-up, by 9:00 p.m. In an effort to reduce the number of cars traveling to the site, the applicant has stated that for some of the larger events, the winery coordinates with local accommodations in Calistoga to pick up and drop off guests where they are staying. The Winery Comparison Analysis (Attachment L) compared the proposed visitation and marketing to other wineries with a similar production capacity of 70,000 to 80,000 gallons per year. The visitation and marketing levels are similar to Pre-WDO wineries, but slightly higher than by-appointment wineries.

Noise - There could be a change in the ambient noise level at the existing winery due to the increase in production, visitation, marketing events, and number of employees. The winery is currently permitted to have visitation up to 30 people per day from 9:30 AM to 4:30 PM and on-premises consumption in the existing rose garden during those hours. The applicant is requesting an increase in visitation to 50 people per day, change in visitation hours 9:30 AM to 6:00 PM and use of the outdoor rose garden for tours and tastings activities as well. The use of the outdoor area would be limited to the maximum daily visitation of 50 visitors during visitation hours. There is an existing grove of trees located along the northeastern side of the outdoor area, between the winery rose garden and the nearest offsite residence, located approximately 300 feet to the northeast. The addition of tastings in the outdoor area is not

expected to generate significant noise levels.

The proposed project involves an increase in the marketing program from two events per year to 20 events per year. As discussed above, the proposed modification would not change the size of the largest event (200-person), but would increase the potential frequency of events.

Groundwater Use - For this project a Water Availability Analysis was prepared by Delta Consulting & Engineering (Initial submittal: June 8, 2016; Revision #1: September 5, 2017) to determine the estimated water use of the existing development and proposed project. The parcel is located in the "Napa Valley Floor" Region. The Water Use Criteria of the WAA guidelines allows 1 acre-foot of water per acre per year for parcels located on the "Napa Valley Floor". The subject parcel is approximately 22.62 acres in size; therefore the parcel is allowed the use of 22.62 acre-feet of water per year.

Existing water usage consists of a main residence, guest cottage, vineyards, and a 20,000 gallon winery with visitation and marketing. The winery dry farms the approximately 18 acres of vineyards and utilizes a wind machine for frost protection; therefore, the vineyards are estimated to use zero acre-feet of water per year. According to the analysis, the winery would create an increase in annual water demand, from 0.688 acre-feet per year to 2.217 acre-feet per year, totaling an approximate increase of 1.529 acre-feet per year. Since the proposed winery water use of 2.217 acre-feet per year is less than the calculated availability of 22.62 acre-feet per year, the project complies with the Napa County Water Availability Analysis requirements, therefore, a Tier 2 and Tier 3 analysis are not required.

The total number of users (combined employees, visitors, and residents and/or the total number of employees and residents) proposed with this project exceeds 25 on a peak day, therefore the water supply and related components serving the facility will have to comply with the California State Drinking Water Act and Related Laws. Haling and Associates prepared a Water System Feasibility Report, dated December 8, 2016, for a new transient non-community water system to serve the winery and determined that a new well will be required to serve the system. The report proposes a new well in the rose garden. The applicant will be required to get all associated Environmental Health and Building Division permits.

Wastewater System - Delta Consulting & Engineering prepared a Septic Feasibility Report, dated June 8, 2016, to evaluate the feasibility of treating and disposing the additional wastewater flows generated by the proposed increase in production and marketing. The onsite wastewater systems for both options would be designed for the peak winery process and domestic wastewater flows along with the existing residential uses. The report proposes two wastewater system options. Option #1 would modify the existing system to accommodate additional flows, by connecting the domestic water to the existing system and installing a new process wastewater pressure distribution system. Option #2 would continue to use the existing system for all sources of domestic wastewater and install a new winery process wastewater treatment system. The study concludes that the proposed increased winery wastewater disposal needs can be accommodated onsite by either option. The Napa County Environmental Health Division has reviewed the report and concurred with their conclusion. Full design calculations and construction plans will be prepared in accordance with Napa County standards at the time of building permit application submittal. The system shall be installed prior to establishment of any new or expanded use.

Site Access/Traffic - The winery will continue to use the existing driveway on Greenwood Avenue, about 1,200 feet west of State Route (SR) 29. State Route 29 provides the only access to the segment of Greenwood Avenue that now serves the winery driveway, as Greenwood Avenue currently dead ends about 3,000 feet west of SR 29 at a bridge that was damaged in the 2014 Napa earthquake. Public Works staff estimates construction to repair the bridge to begin in four to five years (May 2017 email from Public Works Supervising Engineer Mallika Racachandran)

The driveway will be widened to meet current Road and Street Standards, but there are no changes proposed to the location or design. Sight lines at the existing driveway meet minimum stopping sight distance criteria based

upon the Caltrans March 2014 Highway Design Manual (more than 1,000 feet to the east and west). Public Works staff concurs with the recommendation of the Traffic Impact Report that a stop sign be installed at the winery driveway intersection approach to Greenwood Avenue. A mitigation measure has been included requiring installation of a stop sign prior to establishment of any new or expanded use.

A Traffic Impact Report, dated October 18, 2016, was prepared by Crane Transportation Group to determine if traffic from the winery's proposed expansion will result in any significant local circulation system impacts. The report looked at operating conditions at the State Route 29 intersections with Tubbs Lane, Greenwood Avenue, and Silverado Trail. Traffic generation was calculated from winery operations, where the calculated trips reflect on-site employees, visitation, and wine production. The report determined the following for the three assessment timelines: Year 2016 Harvest with Project; Year 2020 Harvest with Project; and Year 2030 Cumulative Harvest with Project. The report concludes that the project would result in no significant off-site circulation system operational impacts at the SR 29 intersections with Tubbs Lane, Greenwood Avenue, or Silverado Trail.

Public concerns were raised about increased traffic in the surrounding neighborhoods due to the increase in visitation and marketing. The closure of Greenwood Avenue at the damaged bridge, added extra concern. The applicant informed staff that the winery website, business cards, and staff give directions to visitors to use the Highway 29/Greenwood Avenue intersection and not to drive through the city neighborhoods.

Greenhouse Gas Reduction Strategies - The applicant has indicated that the project will continue to incorporate the following voluntary best management practices: generation of on-site renewable energy (solar panels in use since 2006); vehicle miles traveled reduction plan including bike riding incentives and bus transportation for large marketing events; energy conserving lighting; and water efficient landscaping. Additional items are included in the Voluntary Best Management Practices Checklist for Development Projects form included with the Use Permit Application.

Grape Sourcing - The winery is currently served by the 18 acres of vineyards. The owner also leases roughly 80 acres of vineyards located within a half mile of the winery. The 18 acres produces approximately 50,000 gallons, so with the current production level of 20,000 gallons, the winery is not able to utilize all of their grapes and sells the remainder to other wineries. The increase in production would allow the winery to use all estate fruit. The request for 70,000 gallons would allow for future growth and use of grapes from other vineyards.

Public Comments - A New Project Submittal Courtesy Notice was mailed in September 2016. Following mailing, staff received calls and met with multiple neighbors to discuss the proposed modification. Staff received comments from the Middletown Rancheria Tribal Historic Preservation Department and the Yocha Dehe Wintun Nation. They did not have comments on the proposed project but requested to be contacted if archeological artifacts or human remains are found. Staff included condition of approval 7.5.a. which requires notification of the tribes if evidence of artifacts or remains is identified. To date, there have been no public comment received since mailing and publishing the Public Hearing Notice.

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.

Option 1: Approve Applicant's Proposal (Staff Recommendation)

Discussion - Primary operational changes resulting from this option would be changing the hours of operation for visitation, increasing the number of employees, number of visitors permitted for visitation, and number of marketing events, and allowing the use of the existing rose garden for visitation and marketing events. Proposed physical improvements include adding seven parking spaces for a total of 13 spaces; upgrading the existing

wastewater system; installing a domestic water system served by a new well; and widening the existing driveway to meet current Road and Street Standards. This option has been analyzed for its environmental impacts, which were found to be less than significant with the incorporation of a mitigation measure for the recommended stop sign at the driveway. Furthermore, the project as proposed meets all County Code requirements and complies with General Plan policies. The existing operational factors, including compliance with all WDO and Zoning Code regulations, no significant environmental impacts, and sufficient water supply, have led staff to conclude that the project merits the approval as proposed and conditioned.

Action Required - Follow the proposed actions listed in the Executive Summary.

Option 2: Reduced Project Alternative

Discussion - This option could result in a potential decrease in production capacity, visitation, or number of marketing events.

Action Required - Follow proposed actions listed in the Executive Summary and amend scope and project specific conditions of approval to place limits on use. If major revisions of conditions of approval are required, the item will need to be continued to a future date.

Option 3: Deny the Applicant's Proposal

Discussion - In the event the Commission determines that the project does not, or cannot meet the required findings for grant of a use permit modification, Commissioners should articulate what aspect or aspects of the project are in conflict with 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 action to deny project and remand the matter to staff for preparation of required finding to return to the Commission on specified date.

Option 4: Continuance Option

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

SUPPORTING DOCUMENTS

- A . Recommended Findings
- B . Recommended Conditions of Approval and Final Agency Approval Memos
- C . Previous Project Conditions
- D . Mitigated Negative Declaration and MMRP
- E . Use Permit Application Packet
- F . Water Availability Analysis
- G . Water System Feasibility Report
- H . Septic Feasibility Report
- I . Traffic Study

J . Public Comments

K . Graphics

L . Winery Comparison Analysis

Napa County Planning Commission: Approve

Reviewed By: Vincent Smith