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Agenda Date: 12/21/2016

Agenda Placement: 10A

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: Etude Winery Use Permit Major Modification P15-00355

RECOMMENDATION

ETUDE WINERY - TREASURY WINE ESTATES AMERICAS COMPANY - USE PERMIT MAJOR MODIFICATION NO. P15-00355

CEQA Status: Consideration and possible adoption of a Mitigated Negative Declaration. According to the proposed Mitigated Negative Declaration, the proposed project would not have any potentially significant environmental impacts after implementation of a mitigation measure. A mitigation measure is proposed for the area of transportation/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 to an existing 150,000 gallon per year winery to allow the following: (1) Increase annual production capacity from 150,000 gallons to 300,000 gallons per year; (2) Relocation of part of the existing barrel storage use to the first floor of the existing still house building; (3) Replacement of the lawn area between the still house building and hospitality building with decomposed granite for use as additional 10,000 square foot outdoor seating area with stairs from the existing outdoor patio to this area; (4) Upgrading of the existing wastewater system and associated infrastructure consistent with County code; (5) Installation of a left-turn lane on Cuttings Wharf Road at the project access driveway; (6) Increase daily tours and tastings from 200 persons per day (no appointment required) to 350 persons per day (150 visitors by appointment, 200 visitors with no appointment) with catered food and wine pairings, 2,450 visitors maximum per week; (7) A modified marketing program to permit four (4) private promotions and dinners per year with a maximum of 40 guests (catered); (8) On-premises consumption of wines produced on site in the tasting room, outdoor patio, and outdoor seating area in accordance with Business and Professions Code Sections 23358, 23390 and 23396.5 (AB 2004-Evans Bill); and (9) Increase full time on-site employees from 19 to 22 employees. No change in the facility's existing hours of operation is proposed. The project is located on a 29.81 acre parcel within the Agricultural Watershed (AW) zoning district and accessed via a private driveway located off Cuttings Wharf Road; 1250 Cuttings Wharf Road, Napa, CA 94559; APN: 047-230-033.

Staff Recommendation: Adopt the Mitigated 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: Debra Dommen, Treasury Wine Estates Americas Company, 555 Gateway Drive, Napa, CA 94558, (707) 259-4673

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Adopt the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program (MMRP) based on recommended Findings 1-7 in Attachment A; and
2. Approve Use Permit Major Modification No. P15-00355-MOD based on recommended Findings 8-12 in Attachment A, and subject to the recommended conditions of approval in Attachment B.

Discussion:

The proposal is to modify an existing winery to permit an increase in annual permitted capacity from 150,000 gallons per year to 300,000 gallons per year. The request also includes an increase in the daily visitation allowance from 200 guests to 350 guests, as well as, the inclusion of four additional marketing events per year with up to 40 guests per event.

Staff has reviewed the proposal and found it to be consistent with the Zoning Ordinance and applicable General Plan policies. Although the requested maximum visitation and marketing events exceed the average and median of similar production capacity pre-WDO wineries, potential environmental impacts were found to be less significant. Specifically, sufficient water is available to implement the project and a left-turn lane with sight distance improvements would be installed as part of the recommended mitigation measure. Furthermore, the applicant proposes to incorporate additional GHG reduction methods including: recycling 75 percent of all waste; installing water efficient fixtures; and using of recycled materials. The following GHG reduction methods have already been implemented at the project site: generation of on-site renewable energy; restoration on an on-site seasonal creek by replanting natural vegetation; use of energy conserving lighting; availability of on-site bicycle parking; located on a primary class II bicycle route with an existing class II bicycle lane; installation of a metered connection to the Los Carneros Water District recycled water line; installation of rock lined vegetated swales on the southern site boundary; south of the production building; and in the seasonal creek; installation of drip and drought tolerant landscaping; composting 75 percent of food and garden material; abiding by a responsible procurement code; certification as a Napa Green Winery and Napa Green Land; education to staff and visitors on sustainable practices; retaining biomass removed via pruning and thinning rather than burning on-site; and certification under the Certified California Sustainable Winegrowing (CCSW) program. Minimal physical improvements or change would occur at the project site and no variances or road and street standards exceptions are required.

Based on the reasons stated above, 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 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. A mitigation measure is proposed for the area of transportation/traffic. 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: Treasury Wine Estates Americas Company

Owner's Representative: Debra Dommen, Treasury Wine Estates Americas Company, 555 Gateway Drive, Napa, CA 94558, (707) 259-4673

Representative: Rob Anglin, Holman Teague Roche Anglin, LLP, 1455 First Street, Suite 217, Napa, CA 94559, (707) 927-4280

Zoning: Agricultural Watershed (AW) - Airport Compatibility (AC) Combination District

GP Designation: Agricultural Resource (AR)

Filed: October 22, 2015

Resubmittal Received: July 20, 2015

Deemed Complete: August 24, 2016

Parcel Size: 29.81 acres

Existing Development: The existing parcel consists of 10 acres of vineyards. The site also includes an existing 23,260 square foot main production building, 10,260 square foot still house production facility, 4,980 square foot hospitality building, 277 square foot fire pump house, 1,250 square foot outdoor patio, 10,000 square foot outdoor lawn with informal seating for events, and 46 parking spaces. Other site improvements consist of a fire protection pond, irrigation pond, process wastewater pond, sanitary wastewater pond, and three (3) existing wells.

Proposed and Existing Winery Characteristics

Winery Size- Approved: 84,000 square foot winery development area with uses identified above.

Winery Size- Proposed: No change.

Production Capacity Approved: 150,000 gallons per year.
Production Capacity Proposed: 300,000 gallons per year.

Winery Coverage Existing: 265,066 square feet or approximately 20.4%.
Winery Coverage Proposed: No change. (Maximum 25% or approximately 15 acres permitted).

Accessory/Production Ratio Existing: 5,980 square feet accessory/44,507 square feet production - approximately 13.4%.
Accessory/Production Ratio Proposed: No change.

Number of Employees Existing: 19
Number of Employees Proposed: 22

Visitation - Approved: 200 public drop-in visitors per day as a pre-WDO winery and 740 visitors per week.
Visitation - Proposed: Maximum of 350 visitors per day (200 public drop-in and 150 by appointment only) and 2,450 visitors per week.

Marketing Program- Approved: (1) Private tours and tastings for wine trade personnel three times per day with a 15 person maximum with a three person average between the hours of 10:00 AM and 10:00 PM; (2) Private promotion events two times per month with a maximum of 50 persons and an average of 20 persons between the hours of 11:00 AM and 10:00 PM; (3) New release events four times per year with a maximum of 250 persons and an average of 100 persons between the hours of 11:00 AM and 10:00 PM; and (4) Three annual events with up to 300 persons per event and wine auction hospitality events not to exceed 200 persons per year.

Marketing Program- Proposed: Addition of four (4) private promotions and dinners per year with a maximum of 40 guests (catered) to approved marketing program described above.

Days and Hours of Operation- Approved: 7 AM to 5:30 PM daily (production hours) and 8:00 AM to 5:00 PM daily (visitation hours). All events to conclude by 10 PM.

Days and Hours of Operation-Proposed: No change.

Parking- Approved: 46 parking spaces.

Parking-Proposed: No change.

Adjacent General Plan Designation/ Zoning / Land Use:

North: Agricultural Resource (AR)/Agricultural Watershed - Airport Compatibility (AC) combination zoning/agricultural use (vineyards)

South: Agricultural Resource (AR)/Agricultural Watershed - Airport Compatibility (AC) combination zoning/agricultural use (vineyards)

East: Agricultural Resource (AR)/Agricultural Watershed - Airport Compatibility (AC) combination zoning/agricultural use (vineyards)

West: Agricultural Resource (AR)/Agricultural Watershed - Airport Compatibility (AC) combination zoning/agricultural use (vineyards) and large lot residential

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

Please refer to Attachment K.

Parcel History:

Etude Winery has operated at its present location since 1982 before Use Permits for wineries were required. The

winery's annual permitted maximum production capacity is 150,000 gallons per year.

Use Permit #U-118283 was approved by the Planning Commission on November 17, 1982 and authorized the construction of a 76,000 gallon per year brandy making facility in five buildings totaling 65,900 square feet.

A major modification (# U-638687) to permit public tours, the relocation of a guesthouse and the expansion of the facility to allow 84,000 square feet in seven buildings was approved by the Planning Commission on August 5, 1987. On November 2, 1989, a minor modification was approved to Use Permit #U-638687 to permit the use of the 4,950 square foot technical and bottling building as a visitor and administrative center.

A minor modification (#02214-MOD) was approved on June 25, 2002 which permitted the conversion of the distillery to a winery with no change in production capacity. This permit also recognized that winery production is not subject to the 75 percent grape source rule and that public tours are allowed.

Minor modifications were authorized via #03132-MOD on June 2, 2003 which included various minor building and site work to complete the site's conversion to a winery. This minor modification resulted in a 9,832 square foot expansion of the existing winery development area.

On September 17, 2003, a major modification (#03228-MOD) was approved by the Planning Commission to increase winery production from 76,000 gallons per year to 150,000 gallons per year, add 14 fermentation tanks inside an existing structure, reduce the number of average visitors per week from 1,000 to 740 persons, increase the number of full-time employees, decrease the number of part-time employees, and adopt a marketing program. This permit authorized public tours and tastings as a pre-WDO winery for a maximum of 200 persons per day and 740 persons per week. The approved marketing program permits three private tours and tastings for wine trade personnel per day with a maximum of 15 persons per tour, two private promotional events per month with a maximum of 50 persons per event, four new release events per year with a maximum of 250 persons per event, and up to three annual events per year with a maximum of 300 persons per event and one wine auction event per year with a maximum of 200 persons.

Use Permit Very Minor Modification P09-00256 was approved by staff on September 3, 2009 and permitted the use of the previously permitted hospitality square footage to be shifted to the first floor of the administration building as a 1,453 square foot tasting room.

An administrative permit, P14-00352, for a directional sign was approved by staff on November 19, 2014.

A review of County permit records indicates temporary event permits have been issued at the winery beginning in 1996. The two largest temporary events are April in Carneros and Holiday in Carneros which are each held for two days on an annual basis and typically attract up to 300 persons per event. No complaints have been received by County staff concerning these temporary events.

Code Compliance History:

There are no active code violations at the project site.

Discussion Points:

Setting - The 29.81 acre parcel is located on the east side of Cuttings Wharf Road, approximately one mile south of its intersection with State Route 12-121 and zoned Agricultural Watershed – Airport Compatibility Combination District. Site topography slopes gradually downward to the north with slopes ranging from 0-15 percent and the soil

on site consists of Haire loam. The parcel is developed with three winery buildings, 10 acres of vineyards, 2.5 acres of landscaping, 46 parking spaces, a fire protection pond, irrigation pond, process wastewater pond, sanitary wastewater pond, and three (3) existing wells, one for domestic water supply and one for irrigation water supply. The parcel is within the service area of the Los Carneros Water District reclaimed water project and recently established a connection to the water line in Cuttings Wharf Road. Reclaimed water will be used for on-site irrigation.

The surrounding land uses include vineyards, wineries (Saintsbury Winery, Kent Rassmussen Winery Carneros Estates, Starmont Winery), and residential development on large parcels, the nearest of which is approximately 500 feet to the southwest from the existing winery (still house production facility). The project site is located approximately 1.5 miles to the west of the Napa River and outside the boundaries of the 100 and 500 year flood hazard zones. Native vegetation of the site includes grassland; however the entire site is disturbed and primarily planted with vineyards and developed with winery structures.

Winery Proposal - The proposal is to modify an existing winery to permit an increase in annual permitted capacity from 150,000 gallons per year to 300,000 gallons per year. Proposed physical improvements as part of the project consist of the installation of a left turn lane on Cuttings Wharf Road at the project's access driveway, replacement of the lawn area between the Still House building and hospitality building with decomposed granite for use as additional 10,000 square foot outdoor seating area, and the upgrading of the existing wastewater treatment system. The request also includes an increase in the daily visitation allowance from 200 guests to 350 guests, as well as, the inclusion of four additional marketing events per year with up to 40 guests per event to be accommodated within the existing tasting room and reconfigured outdoor seating area.

Visitation/Marketing Program - As shown in Attachment K, the proposed visitation and marketing event increase exceeds both the average and median calculations for pre-WDO wineries with similar sized permitted production capacity. The proposed visitation increase could result in a maximum of 127,400 tastings per year, but it is very unlikely that the winery would host 350 visitors for 365 days per year. Based on a current permitted maximum of 200 visitors per day and 740 visitors per week, the winery may host 38,480 tastings per year.

Traffic and Parking - According to a traffic impact report prepared by Crane Transportation Group, the intersection of State Route 12-121 and Cuttings Wharf Road is projected to continue to operate deficiently at LOS F under cumulative conditions. Under Future conditions, Cuttings Wharf Road is expected to operate acceptably at LOS C. State Route 12-121 would operate at LOS F under the future conditions scenario. The addition of project trips to either cumulative or future traffic volumes would result in no measurable change to operation on the study roadways. As indicated in the study, "during both the Friday and Saturday PM peak hours when "Without Project" operation along SR 12-121 would be an unacceptable LOS E or F in both directions, project traffic would only increase segment volumes by 0.08 to 0.14 to the west of Cuttings Wharf Road, and by 0.44 to 0.53 percent to the east of Cuttings Wharf Road, which would combine to be less than the minimum 1 percent traffic added significance criteria limit for two-way flow on an arterial roadway segment" (*Traffic Impact Report Etude Winery Expansion, 2016*). Therefore, the project would result in a nominal increase in trips on the study roadways. Additionally, a project specific condition would ensure that all additional marketing events be scheduled outside peak weekend (3:30 PM to 4:30 PM) and weekday (3:00 PM to 4:00 PM) traffic hours.

The need for a left turn lane at the project driveway was evaluated as part of the project's traffic study based on the criteria contained in the *Napa County Road and Street Standards, 2011*. Based on the proposal's traffic levels, a left turn lane would be warranted at the driveway serving the project site. Proposed site access was reviewed and approved by the Napa County Fire Department, Engineering Services Division, and Public Works Department, as conditioned.

The project site includes 46 existing 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 156 parking spaces. However, it is unlikely that the winery would host 350 visitors at one time. Existing permits for the site also permit the construction of a new 37,000 square foot parking lot, if needed.

Groundwater Availability - There are two (2) wells on site, one for domestic water supply and one for irrigation water supply. According to the Water Availability Analysis (WAA) prepared by Summit Engineering, Incorporated, the domestic well was drilled in 1985, has a depth of 255 feet and a yield of 50 gpm (*Water Availability Analysis, Etude Winery, Napa, California APN 047-230-033, 2015*). The agricultural well was drilled in 1983, has a depth of 237 feet and a yield of 50 gpm. As previously noted, the applicant submitted a combined Tier 1 & 2 WAA completed by Summit Engineering, Incorporated on December 29, 2015 showing an estimated annual recharge for the parcel of 36.7 ac-ft/year for a normal year or 23.4 ac-ft/year for a drought year. The projected water use for the project is 14.1 AF/YR. Existing water use for the facility is 11.1 AF/YR. The winery has secured a metered connection to the Los Carneros Recycled Water pipeline which would provide landscape and vineyard irrigation water to the site to offset the irrigation demand from the agricultural well. This irrigation line has the potential to offset 50 percent of the total water demand for the parcel by using recycled water for vineyard and landscape irrigation which would be 7.3 AF/YR. However, that potential water source was not considered in the WAA. The analysis concluded that anticipated total water demand for the project site would be 14.1 AF/YR representing a 3.1 AF/YR increase of the existing water demand. The parcel water demand can be met with the existing domestic well operating for eight hours per day at 12.6 gpm.

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 incorporate additional GHG reduction methods including: recycling 75 percent of all waste; installing water efficient fixtures; and using of recycled materials. The following GHG reduction methods have already been implemented at the project site: generation of on-site renewable energy; restoration on an on-site seasonal creek by replanting natural vegetation; use of energy conserving lighting; availability of on-site bicycle parking; located on a primary class II bicycle route with an existing class II bicycle lane; installation of a metered connection to the Los Carneros Water District recycled water line; installation of rock lined vegetated swales on the southern site boundary; south of the production building; and in the seasonal creek; installation of drip and drought tolerant landscaping; composting 75 percent of food and garden material; abiding by a responsible procurement code; certification as a Napa Green Winery and Napa Green Land; education to staff and visitors on sustainable practices; retaining biomass removed via pruning and thinning rather than burning on-site; and certification under the Certified California Sustainable Winegrowing (CCSW) program.

Grape Sourcing - The Winery Definition Ordinance (WDO) 75 percent grape source policy does not apply to the subject site because the winery development area previously approved in 1990 (up to 84,000 square feet in seven buildings) has not been expanded and is not proposed to be expanded as part of this proposal. Although the approval of minor modification #03132-MOD in June 2003 resulted in the expansion of the existing winery footprint by 9,832 square feet, an equivalent development area was eliminated by reducing the size of the approved 24,000 square foot barrel building to no more than 14,168 square feet. Therefore, no net increase in the previously approved winery development area occurred. Any future capacity increase requests which include expansion of the winery development area would be subject to the WDO 75 percent grape source policy.

Public Comments - At the time of staff report preparation, two letters in support of the project had been received and are included as Attachment E.

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

Disposition - This option would result in approval of the proposed modifications to the 150,000 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 a left-turn lane with sight distance improvements would be installed as part of the recommended mitigation measure. The applicant also proposes to incorporate additional GHG reduction methods 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 with the implementation of the mitigation measure for transportation/traffic.

Option 2 - Reduced Project Alternative

Disposition - This option would reduce the scope of the project via a reduced visitation and marketing 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 and marketing 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/Mitigated Negative Declaration
- E . Public Comments
- F . Use Permit Application Packet
- G . Water Availability Analysis
- H . Wastewater Feasibility Study
- I . Traffic Study
- J . Graphics
- K . Winery Comparison Analysis

Napa County Planning Commission: Approve

Reviewed By: Charlene Gallina