



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/21/2016

Agenda Placement: 9A

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: Charlene Gallina, SUPERVISING PLANNER - 299-1355

SUBJECT: Kenzo Estates Use Permit Major Modification #P15-00293-MOD

RECOMMENDATION

KENZO ESTATES / KENZO ESTATES, INC / USE PERMIT MAJOR MODIFICATION P15-00293-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 on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5.

Request: Approval for a modification of the previous project approvals (Use Permit 03513-UP, Very Minor Modification #P08-00196-MODVMIN, Very Minor Modification #P08-00635MODVIN, Very Minor Modification #P09-00334-VMOD, Very Minor Modification #P10-00025-VMM, Very Minor Modification #P11-00487-VMM, Minor Modification #P12-00434-MOD) for an existing 85,000 gallons per year winery to allow the following: (a) Increase production from 85,000 gallons to 102,000 gallons annually; (b) Increase daily tours and tastings by appointment from a maximum of 25 daily visitors and 75 weekly visitors to a maximum of 50 visitors Monday-Thursday and 100 visitors Friday-Sunday for the months May through October with a weekly maximum of 250 visitors; and for 50 visitors Monday-Thursday and 75 visitors Friday-Sunday for the months November through April with a weekly maximum of 150 (Tours and Tastings will not exceed 50 visitors on days when marketing events are held); (c) Modify the approved Marketing Plan from 25 events with 50 guests maximum per year and two (2) events with 150 guests maximum per year to 36 events per year with 50 guests maximum, four (4) events per year with 150 guests maximum, and two (2) events per year with 75 guests maximum; (d) Increase the number of employees from nine (9) full-time and two (2) part-time employees to 17 full-time and six (6) part-time seasonal employees; (e) On-site premises consumption of wines produced on site within the hospitality building and enclosed/outdoor patio spaces in accordance with Business and Professions Code Sections 23358, 23390 and 23396.5; (f) Expand the existing wastewater treatment and disposal systems to handle the increase in winery process wastewater; and (g) Removal of the previous condition of approval imposing a 25% winery production limitation on custom grape crush producers. The project also includes a Napa County Road and Streets Standards Exception request to the Public Works Director to allow for an exception to the requirement to install a left turn lane on Monticello Road. The project will incorporate specific operational characteristics designed to limit the number of trips turning left into the site,

including directing daily and marketing event visitors to arrive from Napa. Additionally, the applicant has previously improved SR-121/Monticello Road in the form of an eight-foot wide shoulder along the north side of the road, a total length of 500 feet, centered on (and across from) the project entry driveway, based on Caltrans' request at the time of the original development on the site. This widening provides an area where westbound traffic on Monticello Road can carefully bypass a waiting left- turning vehicle, if necessary. Pursuant to the Napa County Road and Street Standards, the approval authority for this exception is the Public Works Director because the exception is located within a public right of way. This request has been tentatively approved by the Public Works Department, as stated in their memo dated May 6, 2016. Formal action on this exception will be taken by the Public Works Director after the Planning Commission makes a decision on the Use Permit Modification application as a whole. There are no changes to the 53,145 sq. ft. existing winery facility, inclusive of 18,000 sq. ft. of existing wine caves, winery hours of operations (7:00 AM to 6:00 PM), visitation hours (9:00 AM to 4:00 PM), marketing event hours (7:00 PM to 10:00 PM Fridays and on weekends, and from Noon to 2:30 PM on weekends) or increase in the number of parking spaces (22 spaces) as part of this proposal. The project is located on a 36.13 acre parcel, within the AW (Agricultural Watershed) zoning district on the west side of a private road approximately 3,500 feet south of its intersection with State Route 121/Monticello Road; 3200 Monticello Road, Napa CA 94558; APN: 033-110-075.

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

Staff Contact: Charlene Gallina, (707) 299-1355 or charlene.gallina@countyofnapa.org

Applicant Contact: Tom Adams, (707) 252-7122 or tadams@dpf-law.com

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Adopt the Negative Declaration, based on Findings 1 - 7 of Attachment A;
2. Approve Major Modification P15-00293-MOD based on Findings 8 - 12 of Attachment A and subject to the recommended conditions of approval (Attachment B).

Discussion:

Kenzo Estates was established and approved by the Planning Commission in March 2005. The winery was originally authorized to produce 85,000 gallons per year and operate within a 20,000 sq. ft. winery production building, 18,000 sq. ft. of caves, and 2,500 sq. ft. hospitality center. Furthermore, Kenzo Winery was authorized to have nine (9) full-time and two (2) part-time employees and 20 parking spaces. Tours and tastings by appointment only were permitted at this time for a maximum of 25 daily visitors and a maximum of 75 weekly visitors and a marketing program consisting of 25 events with 50 persons maximum, two (2) wine release events for 150 persons maximum, and two (2) Napa Valley Wine Auction events for 75 persons. Over the years, several modifications have been authorized by the County. As a result, in 2014, the winery processed 65,000 gallons of wine within a 53,145 sq. ft. winery facility, inclusive of 18,000 sq. ft. of wine caves, 22 parking space and has 8.15 acres of vineyards, which were originally planted in 2004. This proposal is to increase production from 85,000 to 102,000 gallons per year, increase daily tours and tastings by appointment, expand the marketing program, increase the number of employees, add on-site premises consumption, removal of a condition on the limitation on custom crush, and improve the wastewater system. There are no physical changes to the winery with exception of expansion of the wastewater system.

This proposal has been analyzed for its environmental impacts, which were found to be less than significant. Staff believes there is adequate rationale to support approving the winery's production increase, expansion of the wastewater system and visitation/marketing program for the following reasons: 1) distance of the winery from the State Highway and other residential properties; 2) a sufficient water supply; 3) proposed levels of visitation and marketing activities being on the lower side of other similar sized wineries; 4) no vineyard removal; and 4) compliance with all Winery Definition Ordinance (WDO) and Zoning Code regulations.

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 proposed project would the project would not have any potentially significant environmental impacts. The project site is not on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5.

BACKGROUND AND DISCUSSION

Owner: Kenzo Estates, Inc.

Owner's Representative: Tom Adams, 1455 First Street, Suite 201, Napa, CA 94559; (707) 252-7122.

Applicant: Kenzo Estates, Inc.; 3200 Monticello Road, Napa, CA 94558; (707) 254-7572.

Zoning: Agricultural Watershed (AW)

GP Designation: Agriculture, Watershed, and Open Space (AWOS)

Filed: September 10, 2015

Resubmittal Received : March 11, 2016 and May 4, 2016

Deemed Complete: June 23, 2016

Parcel Size: 36.13 acres

Existing Development: The existing parcel consists of a 53,145 sq. ft. winery facility, inclusive of 18,000 sq. ft. of wine caves, and has 8.15 acres of vineyards, which were originally planted in 2004. The site also includes an existing stormwater detention basin, mechanical yard, water storage tanks, associated parking, a well, and a 900 sq. ft. barn.

Approved, Existing and Proposed Winery Characteristics

Winery Size - Approved & Existing: 53,145 sq. ft., including 18,000 sq. ft. of caves; Two (2) outdoor patio areas 3,500 sq. ft. in size and a 754 sq. ft. patio attached to the winery for use as additional hospitality space.

Winery Size - Proposed: No Change proposed

Production Capacity Approved & Existing: 85,000 gallons

Production Capacity Proposed: 102,000 gallons

Winery Coverage Approved & Existing: 11.3%

Winery Coverage Proposed: No Change

Accessory/Production Ratio Approved & Existing: 6,024 sq. ft. accessory/53,145 sq. ft. production - approximately 9.2%.

Accessory/Production Ratio Proposed: No Change

Number of Employees Approved & Existing: Nine (9) full-time and two (2) part-time employees

Number of Employees Proposed: 17 full-time and six (6) part-time seasonal employees

Visitation - Approved & Existing: 25 daily visitors maximum and 75 weekly visitors (Catered food provided)

Visitation - Proposed: 50 visitors Monday through Thursday and 100 visitors Friday through Sunday for the May through October with a weekly maximum of 250 visitors; 50 visitors Monday-Thursday and 75 visitors Friday-Sunday for the months November through April with a weekly maximum of 150; Tours and Tastings will not exceed 50 visitors on days when marketing events are held. (Catered food pairing to be provided)

Marketing Program Approved & Existing: 25 events with 50 guests maximum per year and two (2) events with 150 guests maximum per year; Pursuant to Condition of Approval #3 Tours and Tastings of Use Permit #03513-UP, the winery shall be closed for tours and tastings. (Catered food provided)

Marketing Program Proposed: 36 events per year with 50 guests maximum, four (4) events per year with 150 guests maximum, and two (2) events per year with 75 guests maximum; Tours and Tastings will not exceed 50 visitors on days (Friday-Sunday) when marketing events are held (Catered food pairing to be provided)

Days and Hours of Operation Approved & Existing: Winery production is 7:00 am to 6:00 pm and for visitation 9:00 am to 4:00 pm; Retail sale of wines shall be completed by 4:30 pm and shall be limited to those wines set forth in Napa County Code Section 18.16.030(G)(5)(c) pursuant to Condition #3 Tours and Tastings of Use Permit #03513-UP.

Days and Hours of Operation Proposed: No Change

Parking Approved: 28, including one ADA space

Parking Existing: 22 spaces, including one ADA space

Parking Proposed: No Change

Adjacent General Plan Designation/ Zoning / Land Use:

North: Agriculture, Watershed and Open Space (AWOS)/Agriculture Watershed (AW) zoning/ rural, open space

South: Agriculture, Watershed and Open Space (AWOS)/Agricultural Watershed (AW) zoning/rural, open space

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

West: Agriculture, Watershed and Open Space (AWOS)/Agricultural Watershed (AW) zoning/agricultural use (vineyards) and large lot residential

Nearby Wineries: (Located within 2 Miles of the Project)

Please refer to Attachment K.

Code Compliance History:

Having discussed the application with Code Enforcement staff, toured the property, and upon review of the department's files, staff is not aware of any code compliance issues on the subject parcel. Structures allowed by use permit/building permit are in compliance at this time.

Project History:

Kenzo Estates was established and approved by the Planning Commission in March 2005, by approval of Use Permit #03515-UP for a 85,000 gallon per year winery and the construction of a 20,000 sq. ft. winery production building, 18,000 sq. ft. of caves, 2,500 sq. ft. hospitality center, nine (9) full-time and two (2) part-time employees, and 20 parking spaces. Tours and tastings by appointment only were permitted at this time for a maximum of 25 daily visitors and a maximum of 75 weekly visitors. A marketing program consisting of 25 events with 50 persons maximum, two (2) wine release events for 150 persons maximum, and two (2) Napa Valley Wine Auction events for 75 persons was also approved. The following represents subsequent use permit modification approvals to expand the facility:

June 2008 - Very Minor Modification #P08-00196-MODVMIN was approved administratively by the Planning Director to increase the cave by 7,000 sq. ft. and reduce the winery structure by 7,000 sq. ft. No other changes were requested or approved.

January 2009 – Very Minor Modification #P08-00635MODVMIN was approved administratively by the Planning Director to increase the tasting and administration building from 3,088 sq. ft. to 3,266 sq. ft. No other changes were requested or approved.

September 2009 – Very Minor Modification #P09-00334-VMOD was approved administratively by the Planning Director to construct a new 1,320 sq. ft. winery equipment storage building. No other changes were requested or approved.

February 2010 – Very Minor Modification #P10-00025-VMM was approved administratively by the Planning Director to modify the winery layout from three (3) patios with freestanding trellis features totaling 2,900 sq. ft. to two (2) patios with freestanding trellis features totaling 3,500 sq. ft. No other changes were requested or approved.

January 2013 – Very Minor Modification #P11-00487-VMM was approved administratively by the Planning Director to enclose an existing 754 sq. ft. patio to be used for hospitality purposes. No other changes were requested or approved.

July 2013 – Minor Modification #P12-00434-MOD was approved by the Zoning Administrator to construct a 12,645 sq. ft. winery structure for white wine production, tank rooms, covered crush pad, storage, and associated parking for a new total of approximately 53,145 sq. ft. (to include existing caves). No other changes were requested or approved.

Discussion Points

Setting - Existing improvements are detailed above under "Existing Development." Surrounding land uses consist of large lot residential development and agricultural vineyards to the east and west of the project site. The closest residence is approximately 1,450 feet from the winery structure. Native vegetation of the site includes Ruderal Agrestal/Pastoral Grassland, Oak Woodland, and Chaparral; however, the majority of the site is disturbed and primarily planted with vineyards. Existing Oak Woodlands located to the south of the project are not proposed to be

disturbed under this proposal. There is an existing unnamed blue-line stream located approximately 435 feet to the south that runs through the existing Oak Woodlands. No improvements are proposed near the stream.

Winery Proposal - An expansion of production and hospitality uses for an existing winery, which includes a commensurate increase in the number of employees and the wastewater system. There is also a request to allow for on-site premises consumption of wine within the existing hospitality building and the existing open and enclosed patio space. Furthermore, the original Use Permit (#03513-UP) authorized 25% of the production to be used by up to five custom crush clients. Current County policy no longer regulates how much production may be used by custom crush clients and requires formal removal of this condition through a use permit modification. Staff has no concerns with this request and recommends removal to allow greater flexibility in production operation.

Visitation and Marketing - As can be seen in the winery comparison chart in Attachment K, the levels of visitation and marketing activities are on the lower side of other wineries of similar size. This lower level of proposed visitation and marketing activities, although an increase from the current levels, seem appropriate for this generally remote site which is access from the State Highway via a shared driveway and its distance from adjacent residential properties other than Kenzo owned properties which is over 1,450 feet from winery activities.

Traffic - The project site is located is located on the south side of Monticello Road /State Route 121 about six miles east of the SR 121/Silverado Trail intersection in the City of Napa. The original Use Permit (#03513-UP) restricts all winery access and egress to Monticello Road, including employees, guests, and deliveries. Furthermore, all winery traffic is restricted from Wild Horse Valley Road. Given this restriction, Kenzo Estates Winery entrance splits into two driveways immediately south of SR 121, both gated. The westerly driveway provides access to two residential estates, while the easterly driveway provides access to the existing winery site. There are no other active driveways along SR 121 in the vicinity of the project entrance. State Route 121 is currently operating at LOS C during the weekday peak AM hours, at LOS B during weekday peak PM hours, and at LOS C during weekend peak hours.

The applicant submitted a Traffic Impact Report prepared by Crane Transportation Group, on March 1, 2016. The report identified the peak hours along SR 121, the near term, long-term, cumulative impacts from the project, and analyzed safety, sight distances, and left-turn lane warrants for the project. Peak hours for the project are Monday through Friday 7:15 AM to 8:15 AM, Monday through Friday 4:30 PM to 5:30 PM, and weekends 3:30 PM to 4:30 PM. During Harvest times, the project will add four (4) trips during weekday PM peak hours, and six (6) peak hour trips during weekday PM peak hours. 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, the project adds a maximum of four (4) vehicle trips to any one segment of SR 121 during the weekday PM peak hour, and with an existing volume of 3,834 this equates to 0.001 percent, or less than one percent. Similarly, on the weekend the project is expected to add up to six (6) trips to the existing volume of 3,834, which is a 0.001 percent increase, also less than one percent. Therefore, the project would result in a nominal increase in trips on the study roadways. The applicant proposes to limit tours and tastings to 50 visitors on days when marketing events are held. on the weekends and staff is recommending that a previous condition restricting daily visitation during Monday through Thursdays when marketing activities are held. Additionally, a project specific condition would ensure that all visitation and marketing events are scheduled outside peak weekend and weekday traffic hours. The increased trips associated with the winery's expansion do not cause any roadway segment to move from LOS D to LOS E or below.

Napa County utilizes daily two-way volumes on both the public roadway, as well as, the private driveway connection to determine whether a left turn lane is warranted on the public roadway intersection approach. Based upon existing average two-way volumes of 3,843 vehicles on SR 121 and 150 vehicles on the Kenzo Estates driveway, the combination of volumes meets the requirement that a left turn lane should be provided. However, the applicant has requested a Road and Street Standards (RSS) exception to the requirement to install a left-turn lane at the project driveway. The RSS exception was reviewed by the Department of Public Works and the Engineering

Division. The basis for this request is to preserve unique features of the natural environment such as steep terrain on both sides of SR 121 and removal of approximately 50 mature Black Oak, Live Oak, and Madrone trees, as well as, specific operational characteristics designed to limit the number of trips turning left into the site, including directing daily and marketing event visitors to arrive from Napa to provide the same overall practical effect of providing a left turn lane. Given these findings, the request was tentatively approved by the Public Works Department, as stated in their letter to RSA (project Engineer) dated May 6, 2016. Formal action will be taken by the Public Works Director after the Planning Commission makes a decision on the Use Permit application as a whole. Additionally, the applicant has previously improved SR-121/Monticello Road in the form of an eight-foot wide shoulder along the north side of the road, a total length of 500 feet, centered on (and across from) the project entry driveway, based on Caltrans' request at the time of the original development on the site. This widening provides an area where westbound traffic on Monticello Road can carefully bypass a waiting left-turning vehicle, if necessary. Sight lines from the driveway to the east are 350 feet, and to the west 300 feet. Based upon the observed travel speeds of 30 to 35 mph, the minimum distance would be 250 feet. Sight lines at the project driveway are adequate. It should be noted that a condition has been added to the project to ensure that operational characteristics associated with limiting the number of trips turning left into the site as previously required under Use Permit #03513-UP continue to be imposed with the expansion of visitation and marketing activities associated requested by this use permit modification.

Groundwater Availability - The project is not expected to violate any water quality standards or waste discharge requirements nor substantially deplete local groundwater supplies. The project's development plans incorporate a Transient Non-Community Water System (a water system to serve the winery, visitors, and employees). The current well produces at 180 gpm. The projected water use for the project is 8.64 AF/YR. Current water use for the vineyard is 5.50 AF/YR and will remain constant. The winery currently uses 2.08 AF/YR and is expected to use 2.71 AF/YR. Landscaping currently utilizes 0.43 AF/YR and will remain constant. The proposed water use of 8.64 AF/YR, represents an increase of 0.63 AF/YR over the existing condition, and is well below the 17.34 AF/YR average water year recharge calculation for the site. Additionally, there are no non-project wells within 500 feet. Under past approvals for the winery, the property is already subject to the County's standard condition of approval requiring well monitoring, as well as, the potential to modify/alter permitted uses on site should groundwater resources become insufficient to supply the use.

Grape Sourcing - Although the winery site is only 36.13 acres in size and is developed with 8.2 acres of vineyards, the applicant has indicated that the total vineyard area on the +/- 4,000 Kenzo properties is approximately 146 acres resulting in 100% estate wine production. The applicant has indicated when vineyards are fully producing, they are expected to yield enough for 96,000 gallons of wine per year. The additional 6,000 gallons of production capacity is proposed to allow for years with higher crop yield. No fruit is currently imported to the winery.

Greenhouse Gases/Climate Action Plan - The applicant proposes to incorporate additional GHG reduction methods including: vehicle miles reduction plan, energy conserving lighting, low-impact development, recycle 75% of all waste, site design optimized to use natural cooling, limit grading and tree removal, use of recycled materials, and education of staff and visitors on sustainable practices.

Public Comments - No comments have been received at the time of staff report preparation.

Decision Making Options:

As noted in the Executive Summary Section above, Staff is recommending approval of Option 1, approve the applicant's proposal with conditions of approval as described below.

Option 1 – Approve Applicant's Proposal

Disposition - This option would result in the approval of a Major Modification to increase production, visitation and

marketing activities, the number of employees and expand the wastewater system to accommodate increase activities requested.

Action Required - Follow proposed action listed in the Executive Summary. If conditions of approval are to be amended, specify conditions to be amended at the time a motion is made. This option has been analyzed for its environmental impacts, which were found to be less than significant without mitigation. The project as proposed meets all County Code requirements including compliance with all WDO and Zoning Code regulations, and complies with General Plan policies. The existing operational factors due the winery's location from the State highway and other residential properties, a sufficient water supply, and proposed levels of visitation and marketing activities being on the lower side of other similar sized wineries have led staff to conclude that the project merits approval as proposed.

Option 2 – Reduced Alternative

Disposition - This option could result in a potential decrease in production, tours and tastings and/or marketing program, or the number of employees and thereby not resulting in the need for the wastewater system expansion.

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 Proposed Project

Disposition – 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 in the General Plan and County Code, setting forth why the proposed use permit 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 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 own discretion.

SUPPORTING DOCUMENTS

- A . Recommended Findings
- B . Recommended Conditions of Approval and Final Agency Approval Memos
- C . Previous Project Approvals
- D . Initial Study/Negative Declaration
- E . Use Permit Application Packet
- F . Roads & Street Standards Exception Request
- G . Traffic Study
- H . Water Availability Analysis

- I . Wastewater Feasibility Study
- J . Graphics
- K . Winery Comparison Analysis

Napa County Planning Commission: Approve
Reviewed By: John McDowell