



February 17, 2015

Kristen Phillips  
M&M Gateway, LLC  
P.O. Box 26  
Eaglewood, FL 34295

**SUBJECT:** Request for Water Service "Will-Serve" Letter  
755-769 Technology Way, Napa, CA  
(APN 057-330-001 through -008)

Dear Mrs. Phillips:

The City of American Canyon has received your request as the Property Owner for a Will-Serve letter for water service to the property located at 755-769 Technology Way (Assessor's Parcel Numbers: 057-330-001 through -008; collectively referred to herein as the "Property"). The City has received a copy of a Use Permit Application (P14-00353) from the Napa County Planning, Building & Environmental Services Department, for the anticipated winery (Sawyer Cellars) desiring to occupy one of the existing condominium units within the building.

It is the City's understanding that the Property is located within its Extraterritorial Water Service Area<sup>1</sup> and that a Will-Serve Letter for water service to the Property is required prior to the County's approval of a Use Permit. In general, the City reviews the impacts of such requests for service taking into account the overall demand within the its system and known supplies available to meet this demand.

The City's understanding of the current request is based on water demand estimates attached to the Will-Serve Questionnaire prepared by RSA+ Consulting Civil Engineers, dated December 5, 2014. At present, the 1.45 acre property has one building with seven condominium units totaling 20,640 square feet.

As Table 1 below shows, the requested Annual Average Daily Demand (AADD) is 500 gal/day. Table 2 details the requested Maximum Daily Demand (MDD) of 1,226 gal/day for the seven units within the condominium building.

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<sup>1</sup> As defined by Napa County Local Agency Formation Commission Policy 07-27.

**Table 1 – Requested Average Day Demand**

<u>Annual Average Daily Water Demand (AADD) in gallons</u>	
per day:	
Domestic:	363 gpd
Irrigation:	0 <sup>2</sup> gpd
Industrial:	137 gpd
<hr/>	
Total:	500 gpd

**Table 2 – Requested Maximum Day Demand**

<u>Maximum Daily Water Demand (MDD) in gallons per</u>	
day:	
Domestic:	726 gpd
Irrigation:	0 gpd
Industrial:	500 gpd
<hr/>	
Total:	1,226 gpd

The City's Zero Water Footprint (ZWF) Policy requires new development to offset all of its water demands in order to prevent reduction in the reliability of existing water supplies or increases in water rates to existing customers. In light of the information submitted in the Questionnaire the City has determined that the Property will not have a Zero Water Footprint because once complete, the Property's proposed AADD (500 gpd) will be greater than the established baseline AADD (45 gpd). Because the Owner is requesting service greater than the established baseline demand, the Property will potentially reduce the reliability of existing water supplies and increase costs to existing customers. In accordance with this Policy, because the Property has been determined to not have a Zero Water Footprint, a more detailed Water Supply Report has been prepared, and is attached hereto and made a part of this "Will-Serve" Letter. In order to comply with the ZWF Policy and offset the Property's demand, the applicant shall contribute to the City's Zero Water Footprint Mitigation Fund. The payment of such mitigation monies will allow the City to continue to fund and undertake water conservation efforts to offset the requested ADD increase of 455 gpd. Such efforts will result in this Property achieving a net zero impact to the City's water system, therefore adhering to the ZWF Policy.

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<sup>2</sup> The project site is also located within the Napa Sanitation District's (NSD) recycled water service area. Recycled water is available to the site, and all irrigation demands will be served with recycled water.

This Will-Serve Letter supersedes any other purported service commitments to the Property for any use. By way of this Will-Serve Letter, the City is offering to meet the water service demands shown in the above table. The City's offer is contingent upon the occurrence and/or satisfaction of the following conditions and the continued existence of the following described conditions:

1. Owner shall be subject to all City's rules and regulations, including all fees and charges.
2. At no cost to the City, the Owner shall construct all facilities necessary to serve the Property in accordance with all City standards.
3. Prior to the City's commencement of improvement plan review, the Owner shall submit a deposit in an amount deemed sufficient by the City to fully recover the cost of its plan check and inspection services. Should this initial deposit be insufficient, the Owner agrees to make additional deposits as necessary for the City to complete its review and inspection. Any unused deposit funds will be returned to the Owner after the Notice of Completion is recorded.
4. The City faces potential curtailment of its primary source of water supply during dry years that its systems' demands to exceed available supplies. In an effort to forestall this undesirable imbalance, the City is taking steps to reduce customer demands while also seeking to acquire additional supplies. The cost of these additional supplies is unknown at this time, nor is it included in the current City water rates. The City is considering implementing potential changes to its rate structure in order to acquire such supplies. The Owner agrees to waive any protest to such changes during its formulation and implementation and review under the California Environmental Quality Act, Public Resources Code section 21000 *et seq.* ("CEQA"). Moreover, the Owner acknowledges that the City, during dry years, may be unable to meet the Properties' water service demands and that its water service may be reduced and/or curtailed entirely. Owner further agrees to indemnify and hold harmless the City for any and all damages or claims stemming from such reductions or curtailments that may occur.
5. As a result of *Vineyard Area Citizens for Responsible Growth v. Rancho Cordova* (2007) 40 Cal.4<sup>th</sup> 412, the County, as lead agency pursuant to CEQA, prior to approval of the Project must, at a minimum during its environmental review:
  - a. Present sufficient facts to evaluate the pros and cons of supplying the water that the Project will need; and

- b. Present analysis that assumes that all phases of the Project will be built and will need water, and includes an analysis to the extent reasonably possible of the consequences of the impacts of providing water to the entire project; and
  - c. Where it is impossible to determine that anticipated future water sources will be available, some discussion of possible replacement sources or alternatives to use of anticipated water and of the environmental consequences of those impacts must be presented.
6. The Owner agrees its financial obligation for water service is as follows:
  - a. Monthly water service charges will be billed at the current rate (Outside City Rate) in effect at the time of service and are subject to change. The current rate is \$4.86 per 100 cubic feet.
  - b. The water capacity fee for the Property will be \$0. Water capacity fees previously paid for the Property on June 29, 2009 were calculated using an estimated MDD of 1,250 gpd thus exceeding those currently required based on a MDD of 1,226 gpd.
  - c. The ZWF Mitigation (offset) cost for the Property is \$4,200<sup>3</sup> in order to achieve compliance with the ZWF Policy. Such mitigation funds are due and payable prior to issuance of a building permit.
7. The City reserves the right to audit the site's water demand as deemed necessary in order to verify that the Owner's water use is in accordance with this Will-Serve letter.
8. The Property shall incorporate the following water conservation best management practices:
  - Low flow toilets in restrooms
  - Retrofit faucets with 1.0 gallon per minute aerators
  - Recycled water for landscape irrigation

The City's offer expires on February 17, 2017 unless actual water demands are established that are consistent with those uses identified in the Questionnaire, Table 1 above, and approved by the Use Permit. If, after February 17, 2017, no such actual water demands are established consistent with such uses, then the Owner agrees that the approved water demand for the Property is 45 gpd. The City reserves the right to further condition and/or deny the extension of water service if Project is different from that which presently proposed and authorized or if events out the City's control impact the City's ability to furnish water.

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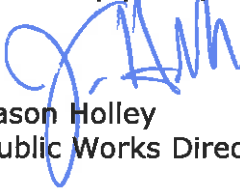
<sup>3</sup> Calculation:  $455 \text{ gpd} / 65 \text{ gpd} \times \$600 = \$4,200$

**Letter to M&M Gateway, LLC**  
**755-769 Technology Way**  
**February 17, 2015**  
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Except to the extent set forth, this letter does not create a liability or responsibility to the Owner or to any third party on behalf of the City. The City does not make a determination as to land use entitlements required for the proposed project, and the issuance of this Will Serve letter shall not be construed to be an expression of the City of a position regarding the use or intensity of use of the development Property or that the County has complied with applicable law in assessing the proposed project under CEQA.

This Will Serve letter becomes effective only upon the express acknowledgement and acceptance of the conditions set forth herein as demonstrated by the execution of the acceptance provision set forth below and the transmittal of the executed acceptance to the City.

Sincerely yours,



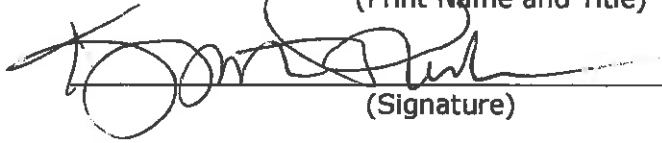
Jason Holley  
Public Works Director

cc: Dana Shigley, City Manager  
William Ross, City Attorney  
Sean Trippi, Napa County Planning Department  
Greg Baer, Development Services Engineer  
Susan Presto, Finance Manager  
Utility Billing

**ACCEPTANCE**  
of  
**City's Conditional Offer of Water Service for**  
**M&M Gateway, LLC Condominiums**  
**755-769 Technology Way, Napa, CA**  
**Napa County Assessor's Parcel Numbers 057-330-001 through -008**

I, Kristen Phillips, accept the conditions  
set forth in this communication.

Kristen Phillips, - mm of m+m Gateway  
(Print Name and Title)

  
(Signature)

Date: 2/19/15

CITY OF  
AMERICAN  
CANYON



PUBLIC WORKS DEPARTMENT

4381 BROADWAY, SUITE 201  
AMERICAN CANYON, CA 94503

**WATER SUPPLY REPORT**

FOR

**M&M Gateway, LLC Condominiums**

755-769 Technology Way, Napa, CA  
Napa County Assessor's Parcel Numbers 057-330-001  
through -008

Prepared by:

Greg Baer  
Development Services Engineer

Approved by:

  
\_\_\_\_\_  
Jason B. Holley, P.E.  
Public Works Director

8/26/15

\_\_\_\_\_  
Date

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## **PREFACE**

This Water Supply Report (WSR) is prepared in response to a request received by the City of American Canyon for a new water service(s) and/or an expansion of existing water service(s). The intent of the WSR is to help inform the discretionary approval process undertaken in conjunction with the request. Chief among its purpose is to:

- Determine if the request is consistent with City ordinances, policies, and practices;
- Determine whether the City's water supply is sufficient to grant the request when compared to existing and other planned future uses, including agricultural and manufacturing uses; and
- To establish a water allocation for the property.

On October 23, 2007, the American Canyon City Council adopted the following definition as the basis for its Zero Water Footprint (ZWF) Policy:

Zero Water Footprint – No loss of water service reliability or increase in water rates to the City of American Canyon's existing water service customers due to requested increase demand for water within the City's water service area.

The overarching intent of the ZWF Policy is to require all new development (residential or non-residential), or the expansion of existing commercial and industrial development, to mitigate all new water demands with "wet-water" offsets by one or more of the following options:

- Reducing existing potable water demands on-site
- Funding programs or constructing projects that would conserve an equivalent amount of water elsewhere within the water service area
- Funding of and/or constructing projects that would increase an equivalent amount of recycled water use elsewhere within the water service area where potable water is currently used.
- Purchase new water supplies from other water providers

## **SECTION 1.0 - REQUEST FOR SERVICE**

### **1.1 - Property Description**

The property is located on Technology Way and has seven existing units within an industrial condominium building which is approximately 20,640 ft<sup>2</sup>. Including the common area, the total property area is 1.45 acres, is zoned IP:AC and is located within the City's Extraterritorial Water Service Area (ETSA) <sup>1</sup>. Each of the respective condominiums has its own APN; 057-330-002 through -008, with the common area assigned as 057-330-001; collectively referred to herein as the "Property."

### **1.2 - Project Description**

Sawyer Cellars, a small scale wine producer, is in the process of purchasing four units within the Condominium. The winery desires to utilize one of the units for 10,000 gallons of wine production per year that will require a Use Permit from the County of Napa. In anticipation of the Use Permit, which requires a current Will-Serve from the City of American Canyon, RSA+ Consulting Civil Engineers has submitted a Will-Serve Questionnaire on behalf of the Property Owner. The industrial processes involved with the winery are expected to use approximately five gallons of water per gallon of wine produced. The other three units are anticipated to be occupied with uses allowed in the IP:AC zone, which have been estimated to have typical domestic demands only.

The Property incorporates the following water conservation best management practices:

- Low flow toilets in restrooms
- Retrofit faucets with 1.0 gallon per minute aerators
- Recycled water for landscape irrigation

### **1.3 - Status of Existing Services**

The City has been providing potable water service to the property for domestic, fire, and irrigation purposes since 2006. The Property site is also located within the Napa Sanitation District's (NSD) recycled water service area which is currently used for all onsite landscape irrigation.

The City has previously issued a Will-Serve letter to this property. A now expired Will-Serve Letter was issued on May 18, 2007 for two industrial

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<sup>1</sup> As defined by Napa County Local Agency Formation Commission Policy 07-27.

buildings served by two separate water meters. The proposed winery is located within one of the buildings included in the previous Will-Serve Letter.

#### **1.4 - Will Serve Questionnaire**

Hugh Linn of RSA+ Consulting Civil Engineers submitted a Will-Serve Questionnaire dated December 5, 2014 on behalf of the Owner, Cory Phillips of M&M Gateway, LLC. The submitted Questionnaire (see attached) details the anticipated and existing water demands for the property. Staff has reviewed the provided and finds the estimate to be consistent with industry standards for similar uses.

#### **1.5 - Annualized "Average-Day" Demand**

The anticipated water demand for the Property is 500 gallons per day (gpd). As shown on Table 1, based on a 7-day work week for the building, the Annualized "Average-Day" Demand (AADD) is 500 gpd.

Table 1 - Property AADD			
Domestic (gpd)	Industrial (gpd)	Irrigation (gpd)	Total (gpd)
363	137	0	500

#### **1.6 - Maximum Day Demand**

As shown in Table 2, the anticipated Maximum Demand (MDD) for the Property is 1,226 gpd. The domestic water demand was calculated using a peaking factor of 2 multiplied by the ADD, and the industrial demand was calculated under the assumption that peak water consuming production activities occur simultaneously.

Table 2 - Property MDD			
Domestic (gpd)	Industrial (gpd)	Irrigation (gpd)	Total (gpd)
726	500	0	1,226

## SECTION 2.0 - PROJECT WATER FOOTPRINT

### 2.1 – Project Demand Consistency with UWMP and ACMC 13.10

The City's 2010 Urban Water Management Plan (UWMP) assumes industrially zoned property will have up to a maximum AADD of 675 gpd per acre. American Canyon Municipal Code Section 13.10 further limits industrially zoned property within City limits and the broader City ETSA up to a maximum AADD of 650 gpd per acre. As shown in Table 3 below, the Property's estimated AADD (345 gpd per acre) is less than the maximum allowed by the ACMC 13.10 (650 gpd per acre):

Table 3 – Maximum AADD			
Parcel Size (acres)	UWMP (gpd)	ACMC 13.10 (gpd)	Property AADD (gpd/acre)
1.45	979	942	345

### 2.2 - Baseline Water Footprint

The Property's Baseline Water Footprint is determined as one of the following: a) the approved demand amount specific in a current, (unexpired) Will-Serve Letter, Water Supply Report and/or Water Service Agreement; b) the water demand calculated from an audit of three-years of water use; or c) absent other information, the water demand in 2007. As shown in Table 4 below, the Property's baseline water footprint is 45 gpd as determined by the three-year audit from 2012 to 2014.

Table 4 – Baseline Water Footprint			
Approved Demand (gpd)	Audited Demand (gpd)	Historical Demand (gpd)	Baseline Water Footprint
N/A-Expired	45	N/A	45

### 2.3 - Zero Water Footprint Determination

Because the Property AADD (500 gpd) exceeds the Property's Baseline Water Footprint, the Property does not have a Zero Water Footprint (ZWF). Because the Property does not have a ZWF, the new demand(s) on the City's water system could potentially result in a loss in water service reliability or increase in water rates to the City's existing customers.

## **2.4 - Demand Offset**

The City has an established various programs intended offset new demand(s) on its water system. The Property has agreed to participate in one such program whereby old plumbing fixtures in existing residences (such as toilets, showers and faucets) are replaced with high-efficiency fixtures. On average the cost to replace the fixtures in a single family dwelling unit is \$600 and results in an on-going savings of 65 gpd. By facilitating the replacement of these fixtures city-wide, the Property's new demand is offset by water which is saved elsewhere. The Property has agreed to contribute \$4,200<sup>2</sup> to the City's Zero Water Footprint Mitigation Fund. Monies in the Fund are used to pay for replacement of plumbing fixtures. The amount paid will result in equivalent savings of 455 gpd, thereby offsetting the Property's new AADD.

## **2.5 - Project Impact on Reliability & Rates**

The City's water treatment, delivery and storage system is reliable to serve demands of existing development that existed at the time of ZWF Policy implementation in 2007. New or increased demands to the City's system after the implementation of the ZWF Policy are determined to potentially have a negative impact on the City's water system reliability which could result in an increase in water rates of existing customers. By facilitating the replacement of inefficient plumbing fixtures through the monetary contribution to the City's ZWF Mitigation Fund, the Property has offset its new demand and thus, it is reasonable to conclude that it will have no impact on reliability or rates.

## **2.6 - Short term mitigations**

The water impacts of the Property will be fully mitigated by the financial contribution it will make to the water capacity fee program in addition to the ZWF Mitigation fee to mitigate 100% of the Property's new water demand.

## **2.7 - Long term mitigations**

The City's Water Shortage Emergency Plan authorizes the City Council to declare a water shortage emergency<sup>3</sup>. Emergencies are declared in four stages with specific reduction methods used for each stage. In the event the City experiences short term water shortages and determines it is necessary

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<sup>2</sup> Calculation: 455 gpd/65 gpd x \$600 = \$4,200

<sup>3</sup> ACMC §13.14.070

to purchase dry year water the Owner shall provide funds to the City of American Canyon to purchase dry-year water. Upon demand of the Public Works Director, when a water shortage has been declared by the City Council, the Property shall contribute a non-refundable payment to the water operations fund to allow the City to acquire dry-year water, if necessary. The Property's contribution shall be equal to the properties annual demand (AFY) times the City's cost of a one-year transfer. The annual demand will be determined by a City water audit of the previous water year. The contribution shall be made on an annual basis, as necessary.

## **SECTION 3.0 – CAPACITY FEES AND SERVICE CHARGES**

### **3.1 - Capacity Fee**

Based on the American Canyon Water Capacity Fee Ordinance<sup>4</sup>, there are no Water Capacity Fees due for the Property. Previous connection fees associated with the Property purchased a MDD of 1,250 gpd on June 29, 2009 which is in excess of what is being requested at this time (1,226 gpd).

### **3.2 – Service Charge**

The Property is located outside the City's corporate boundary but within the City's Extraterritorial Water Service Area as defined by LAFCO. Based on the American Canyon Water Capacity Fee Ordinance<sup>5</sup>, the Property shall a monthly service charge in the amount of \$4.86/100 cubic feet. Based on the AADD, the estimated water service charge is approximately \$97 per month.

### **3.3 - Reimbursable Improvements**

The Property proposes no improvement that would be eligible for reimbursement.

## **SECTION 4.0 - VINEYARDS ANALYSIS**

### **4.1 – Vineyards Decision**

The California Supreme Court decision "*Vineyard Area Citizens for Responsible Growth v. City of Rancho Cordova and Sunrise Douglas Property Owners Association, et al.*" sets forth guidelines for evaluating the water supply of a project under the California Environmental Quality Act (CEQA). It requires that water supplies not be illusory or intangible, that water supply over the entire length of the project be evaluated, and that environmental impacts of likely future water sources, as well as alternate sources, be summarized.

### **4.2 - Facts With Respect to Existing Water Supply and Demand**

The City's 2010 Urban Water Management Plan (UWMP) analyzed existing demands and anticipated future demand growth. The 2010 UWMP also quantified the amounts and reliability of its water supplies in various planning horizon scenarios.

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<sup>4</sup> APMC §13.06.090

<sup>5</sup> APMC §13.06.040

The City has entered into enforceable long-term contracts for its supply of potable water. The suppliers are the State Department of Water Resources (DWR) and City of Vallejo. The DWR supplies are provided by the State Water Project (SWP) and they vary each year up to a maximum of 5,200 acre-feet. The Vallejo supplies are 500 acre-feet of raw water as needed and up to 2,000 acre-feet of treated water may be purchased as a retail customer.

City customers consumed 3,612 acre-feet of SWP water in 2013. The 2010 UWMP determined adequate supplies exist for all planning horizons and supply scenarios, except for the "2030 single-dry scenario".

New water demand from the Project and reduced per capita consumption (facilitated by the City's Water Conservation Program) was anticipated as part of the assumed future demand growth in all planning horizons and supply scenarios in the 2010 UWMP. If the total AADD or MDD exceed the totals shown in this report, the applicant will be subject to penalties in-place at the time and has agreed to take the necessary measures to reduce demand to comply with this report.

#### **4.3 – Anticipated Water Supplies over the Life of the Project**

The City has developed a capacity fee capital program and water conservation program which, when implemented, will reasonably ensure an adequate supply of potable water and recycled water to meet demands under normal years, multiple-dry-years, and single-dry-years.

By fully complying with the City's ZWF Policy, the project will offset its new demand by paying an in-lieu fee that will be used by the City to implement its water conservation efforts to reduce potable water demands throughout its Water Service Area. Given the City's efforts to expand its water portfolio in terms of supply, storage, and conservation, and the fact that this project will not result in an increased demand on the existing system, it is reasonable to project there is sufficient water supply over the life of the project.

#### **4.4 – Environmental Impacts of Likely Future Water Sources**

According to the 2010 UWMP, adequate long-term supplies exist for all planning horizons and supply scenarios, except for the "2030 single-dry scenario". The Project will offset its new demand by paying an in-lieu fee that will be used by the City to further its water conservation efforts to



reduce potable water demands throughout its Water Service Area. These efforts will have no significant impacts to the physical environment.

Moreover, it is unlikely that additional long-term supplies will need to be developed to meet the new demands attributable to the Project and it would be unnecessarily speculative to analyze the potential impact of such an unlikely activity.

Lastly, the City Council adopted a Mitigated Negative Declaration in November 2003 in conjunction with the adoption of the Recycled Water Facilities Plan. That plan identifies a series of projects which in conjunction with the water conservation program will reduce potable water demands throughout its Water Service Area. Impacts caused by implementation Recycled Water Facilities Plan are less than significant because the new recycled water distribution pipelines were to be located in existing paved public rights of way.

**ACKNOWLEDGEMENT OF WATER SUPPLY ANALYSIS**

**M&M Gateway, LLC Condominiums  
755-769 Technology Way, Napa, CA  
Napa County Assessor's Parcel Numbers 057-330-001 through -008**

I, Kristen Phillips, acknowledge and accept  
the water supply analysis as set forth in this Water Supply Report  
dated Feb. 2015.

Kristen Phillips, mm of m+m Gateway  
(Print Name and Title)

Date: 2/19/15