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CEQA Memo



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MEMORANDUM

To: Napa County Planning Commission	From: Sean Trippi, Project Planner
Date: July 17, 2019	
Re: CEQA Memorandum for Carneros Inn Development Agreement and Use Permit Major Modification No. P15-000190	

I. INTRODUCTION AND BACKGROUND

Pursuant to Section 303 of Napa County’s Local Procedures for Implementing the California Quality Act (CEQA), the Planning, Building and Environmental Services Department has prepared this environmental evaluation for the proposed Carneros Resort Use Permit Modification Application (File No. P15-00190-MOD) submitted by GF Carneros Holdings, LLC (the entity that owns GF Carneros Inn, LLC and GF Carneros Tenant, LLC), GF Carneros Inn, LLC, (the “Landowner”), GF Carneros Tenant, LLC (the “Operator”) and Carneros Inn Mutual Water Company (the “Mutual Water Company”)(all of which are hereafter referred to as the “Applicant”). The project is located on a 27.77± acre parcel located at 4048 Sonoma Highway on the north side of Highway 12/121 at the intersection with Old Sonoma Highway. The Carneros Resort property consists of five parcels (APN 047-100-062, 047-110-003, 047-110-027, 047-110-028 and 047-400-(001-028 SFAP)) and includes 24 whole ownership homes, 17 fractional residences and a 96-unit recreational vehicle park/resort hotel with amenities and supporting infrastructure.

The Applicant requests approval of a major modification to its existing use permits. The first use permit issued in 1961, approved the construction and establishment of a mobile home park on a 14-acre parcel zoned Commercial Limited (CL) on a parcel located at 4048 Sonoma Highway. In 1965, that permit was modified to expand the number of mobile home park, which also included a small bar and restaurant (now the Boon Fly Café).

Permit U-89-20 was issued in 1990 and authorized the construction of a 96-space recreational vehicle park, including a 12,000 square foot two story recreational building, storage reservoir, sewage pond and RV storage spaces, on a different portion of the same parcel. In 2000, a use permit modification (#00097-MOD) authorized reconfiguration of the Resort’s internal road network and approved changes to the design, uses and locations of various buildings.

Today, the 18.29 acre parcel housing the mobile home park and RV park, commonly referred to as the “Lodge Parcel,” carries mixed zoning. The southern portion, encompassing the mobile home park and restaurant, is zoned Planned Development (PD). The northern portion, housing the RV park and sewage treatment pond, is zoned AW:RVP (Agricultural Watershed; Recreational Vehicle Combination District)

(Ordinance No. 976). The Recreational Vehicle Combination District was eliminated from the County Code in 1996 (Ord. No. 1105) but recreational vehicle parks already permitted, such as the one on the Lodge Parcel, continue to be recognized as permitted uses in the Agricultural Watershed Zoning District (NCC 18.20.020(O)).

In the 1990s, the Lodge Parcel and an adjoining parcel (commonly referred to now as the “Inn Parcel”), entitled as a mobile home park and RV storage yard, came into common ownership. In 2002, use permit #98511-UP was issued approving the establishment on the Inn Parcel of a 25-unit lodge consisting of cottage-style units and associated administrative and recreational amenities, parking, a 100-seat restaurant and bar, 2,500 square feet of retail space, a 500 square foot post office, 5,000 square feet of banquet and meeting space, and a 10,000 square foot “public square.”

Use permit #98511-UP recognized that the 9.48 acre Inn Parcel and the 18.29 acre Lodge Parcel were under common ownership, would share recreational amenities, water supply, sewage treatment and a road network, and would effectively operate as a single integrated resort. The permit was subsequently modified in 2005 and 2006 to reconfigure roads (#P05-0316-MOD) and reduce the number of cottages from 25 to 17 (#P05-0315-MOD and #P06-00092-MOD).

Water Background

Water is provided to the Carneros Resort by the Carneros Inn Mutual Company (“Mutual Water Company”), which supplies the resort and related residential community within its 28-acre service area (“Service Area”). The Mutual Water Company is a nonprofit mutual water company created under California Corporations Code §§ 14300 *et seq.* Its shareholders are the owners of parcels within its Service Area. GF Carneros Inn, LLC, the owner of the land on which the resort is situated, holds approximately 90% of the shares in the mutual water company.

By law, the right to receive water from the Mutual Water Company is appurtenant to the land, meaning that it transfers to the new owner whenever a Service Area parcel is sold. The Mutual Water Company may not supply water, and its shareholders may not use Mutual Water Company, outside the Service Area. The right to receive water from the Mutual Water Company may not be sold or transferred separately from the ownership of Service Area land. The Service Area may not be expanded under terms approved by the Napa City Council for the wholesale supply of municipal water to Mutual Water Company.

The Mutual Water Company currently relies on groundwater from two wells on the Carneros Resort’s property. The groundwater contains high levels of iron, magnesium, sodium and other elements, which affect taste and smell, corrode pipes and stain clothing. The Carneros Resort has also experienced a groundwater deficit in recent years, requiring it to truck in municipal water to meet demand. Mutual Water Company’s water distribution system includes a state-of-the-art water recycling plant. All domestic water is recycled onsite and all irrigation on the property is done with recycled water. The Carneros Resort also employs water conservation technology, such as smart booster pumps, and has implemented rigorous water conservation practices.

The Current Application under CEQA Review

In May 2015, the Applicant submitted an application for a major modification to its use permits. That application has since been revised. The applicant is currently requesting approval to:

1. Relocate the main vehicular entryway to the Resort and install new entry structure and signage;
2. Install off-site roadway landscape improvements within Caltrans and County rights-of-way;
3. Replace the existing wood fence along Old Sonoma Road with a decorative masonry wall;
4. Relocate the Boon Fly Cafe restaurant seating to The Market restaurant location and use the existing Boon Fly location for storage and staff needs;
5. Relocate The Market space to a smaller, existing office space in the adjacent building;
6. Relocate six existing RV (recreational vehicle) spaces to the Hilltop location;
7. Alter and enhance of the existing Hilltop pool;
8. Relocate the kitchen gardens located on the flag lot to the farm area;
9. Install a permanent water line to supply the Carneros Inn Mutual Water Company with water from the City of Napa, thereby eliminating groundwater use at the site;
10. Install two pickle ball courts;
11. Convey one-acre of land along Old Sonoma Road to the County for use as a future new fire facility;
12. Use the adjoining Commercial Limited (CL) zoned parcel (APN 047-110-003) as overflow parking for the Resort; and
13. Abandon the southerly portion of the Old Sonoma Highway and re-use the area as kitchen gardens.

The request also includes an Exception to the County Road and Street Standards to acknowledge widths of less than 22-feet of the existing private internal access drives.

A Development Agreement is also proposed between GF Carneros Inn, LLC, GF Carneros Tenant LLC, GF Carneros Holdings, LLC, Carneros Inn Mutual Water Company, and the County which would provide the Applicant with a vested right to develop the project for 10 years in accordance with the applicable laws and entitlements in effect at the time of project approval. In exchange, the Applicant would agree to terms to address the impacts of the project which could not have been otherwise required under applicable law. A summary of the material terms and conditions of the proposed Development Agreement include the following:

- a. Applicant will convey one-acre of land on the Old Sonoma Road side of the Carneros Resort to the County for use by the County Fire Department. If the County elects to relocate the existing fire facility, at no cost to the County, Applicant will construct a new pad for the relocated facility. Should the County elect to construct a new fire station, the Applicant will pay \$20,000 as the equivalent cost of constructing a pad and relocating the existing facility. The Applicant will also connect the fire facility to the Applicant's water line with a separate meter. Electrical connection and a septic system will be the responsibility of the County.

b. Applicant will install approximately 0.5 miles of permanent water line from the terminus of the existing 8-inch water main of the Congress Valley Water District (“District”) to the Mutual Water Company within the County right-of-way along Old Sonoma Road. The City of Napa has agreed to provide the Applicant up to 42 acre-feet of municipal water per year by wheeling the water through existing pipelines belonging to the Congress Valley Water District. Once the new Mutual Water Company water line is operational, groundwater pumping at the Carneros Resort will cease.

c. Once the new Mutual Water Company water line is operational, all trucking of water to the Carneros Resort would cease, except in the case of emergency and with immediate notification to the County.

d. Applicant will develop a new primary entrance to the Carneros Resort to the west, reducing use of the entrance near the current location of the Boon Fly Café.

e. Applicant will waive the right to construct any residential units that are permitted but not yet constructed.

f. Applicant will reaffirm the covenant on the flag lot parcel to the north of the Carneros Resort, and continue to use the lot in a manner consistent with the terms of the covenant.

g. Resort parking will be allowed on the adjoining parcel to the west.

h. The Boon Fly Café will be allowed to relocate onto the same parcel as The Market restaurant.

i. So long as diligent efforts are made to complete the water line, the County will not pursue enforcement action against Mutual Water Company regarding its continued use of trucked water. Applicant will provide quarterly reports to the County regarding trucked water usage until the water line is operational.

j. If the Mutual Water Company’s water line extension is not operational within two years, then the County may pursue an enforcement action against Mutual Water Company regarding trucked water.

After careful review, the PBES Department has concluded that the proposed Development Agreement, Use Permit Modification No. P15-00190, and Exception to the Road and Street Standards are exempt from environmental review under the California Environmental Quality Act (“CEQA;” Pub. Res. Code, § 21000 et seq) and the CEQA Guidelines (14 CCR, § 15000 et seq) as set forth below.

II. APPLICABLE EXEMPTIONS

Requirements of Class 1, Napa County Local CEQA Guidelines, Appendix B, Section 1(a), Class 3, Class 4, Class 11 and Common Sense Exemptions and Public Resources Code § 21080.21(a).

The language of the pertinent exemptions and how they apply are analyzed below:

- **Class 1 Exemption (“Existing Facilities”)** provides an exemption for the operation, repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination. (14 CCR, § 15301.)

Except for the pipeline extension to supply municipal water to the Mutual Water Company, the project proposes minimal construction to existing facilities, no increase in building footprints, no increase in guest rooms or visitors or employees, and no intensification of use. The vehicular entrance to the Carneros Resort will be realigned but not expanded or materially changed. Relocation of the Boon Fly Café will improve parking and circulation within the Resort. The project will have no aesthetic impacts, will not change any zoning or other land use designations, and will not increase noise or demand on public services. The Planning Division finds the project, except for the pipeline extension, to be categorically exempt from the CEQA under Section 15301 Existing facilities and the Napa County Local CEQA Guidelines Appendix B, Class 1, Existing Facilities, Section (1) (a).

- **Napa County Local CEQA Guidelines, Appendix B, Section 1(a)** provides an exemption for the repair, maintenance, reconstruction, replacement and minor expansion of existing roads, streets, highways, bicycle and pedestrian paths, and appurtenant facilities.
- **Class 3 Exemption (“New Construction or Conversion of Small Structures”)** provides an exemption for new construction or conversion of small structures. (14 CCR §15303.) Here, the conversion of the Market to house the proposed relocation of the Boon Fly Café and the extension of the water line to the project site is covered by this exemption.
- **Class 4 Exemption (“Minor Alterations to Land”)** provides an exemption for minor alterations to land such as the gardens and landscaping proposed by the project. (14 CCR §15304.)
- **Class 11 Exemption (“Accessory Structures”)** provide an exemption for accessory structures such as the parking lot expansion, decorative masonry wall, and signage proposed by the project. (14 CCR §15311.)
- **Common Sense Exemption.** The CEQA Guidelines include an exemption based on “the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” (14 CCR, § 15061(b)(3); *see Muzzy Ranch Co. v. Solano County Airport Land Use Comm’n* (2007) 41 Cal.4th 372.) Under this exemption, an agency can find a project is exempt from environmental review if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” (14 CCR, § 15061(b)(3).)

Installation of the pipeline will have a temporary environmental impact during construction in the form of earthmoving activities, the use of heavy equipment and construction noise, but that impact will be short-lived and insignificant. On balance, the pipeline project will improve environmental conditions. First, by eliminating the Carneros Resort's need to supplement groundwater sources with trucked water, the project will take water trucks off the road, thereby reducing greenhouse gas emissions, noise and traffic congestion. Second, the project will relieve stress on the Carneros aquifer by eliminating the largest single user in the region, Carneros Resort, which has a maximum threshold of 26.96 acre-feet of groundwater per year. Third, the project will enhance public safety by facilitating the construction of a full-service fire station, supplied with a reliable source of water, to serve the Carneros region and beyond.

The pipeline extension will not have any growth-inducing effects for the following reasons:

- Legal restrictions on the Mutual Water Company as a mutual water company prevent the transfer of water rights or the use of water outside the Mutual Water Company's Service Area.
- The water supply agreement between the Mutual Water Company and the City of Napa will fix the Mutual Water Company's Service Area in its current configuration, precluding future expansion.
- The water supply agreement between Mutual Water Company and the City of Napa also limits the amount of municipal water to be provided, and expressly prohibits the expansion or intensification of uses on the Carneros Resort property.
- Restrictive zoning within the Mutual Water Company's Service Area, most of which is zoned Agricultural Watershed (AW) will further impede and intensification or expansion of uses.
- The proposed extension will serve existing uses only, and is not precedent for extending service to new uses.
- The proposed extension supports a wholesale or bulk water transfer (public water system to public water system), comparable to the City of Napa's arrangements with St. Helena, and is not precedent for extending retail service to new users.
- The pipeline extension will be privately owned by Mutual Water Company, meaning that no other party will have a right to connect, ensuring that Mutual Water Company and its shareholders will be the sole user.

III. CONCLUSION

For all of the reasons articulated above and contained within the administrative record for the Project, PBES staff have determined the Project is categorically exempt. Furthermore, none of the exceptions in 14 CCR Section 15300.2 for the Class 3, 4, and 11 exemptions are applicable because the site is not in a

mapped environmentally sensitive area, would not result in a cumulative impact as the project proposes minimal improvements to existing facilities, with no increase in building footprints, no increase in guest rooms or employees, and no intensification of use. Further, the project will not have a significant effect on the environment due to unusual circumstances, as the project site has been developed in its current state since the mid to late 2000's. The site is not located on a designated scenic highway or on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5.