

Exhibit A

BACKGROUND

**Raymond Vineyard and Cellar
Use Permit Major Modification Application № P11-00156
849 Zinfandel Lane, St. Helena CA 94574
Assessor's Parcel №s. 030-270-013 & 030-050-031**

Owner: Raymond Vineyard and Cellar, 849 St. Helena, CA 94574

Representative (Land Use Consultant): Jeff Redding, 2423 Renfrew Street Napa, CA 94558

Zoning: Agricultural Preserve (AP)

General Plan Designation: Agricultural Resource (AR)

Original Application Filed: July 2011

Re-submittals filed: December 23, 2011, May 1, 2012

Complete: April 2012

Winery Size - Existing: +/- 259,009 square feet

Winery Size - Proposed: +/- 260,235 square feet

Production Capacity - Existing: 750,000 gallons per year

Production Capacity - Proposed: 1,500,000 gallons per year

Visitation - Existing Public, pre-WDO tours and tastings; 400 people per day

Visitation - Proposed: 500 people per day, 400 public and 100 by-appointment

Number of Employees - Existing: 24 full-time

Number of Employees - Proposed: 90 full-time

Hours of Operation - Existing: Operations: 6 a.m. to 6 p.m. Monday-Friday

Outdoor Operations limited from 8 a.m. until 5 p.m.

Wine tasting and retail sales: 10 a.m. to 4 p.m. daily

Hours of Operation - Proposed: Operations: 6 a.m. to 6 p.m. Monday-Friday limited bottling operations only until 10 p.m. not to exceed 30 days per year.

Wine tasting and retail sales 10 a.m. to 6:30 p.m., daily

Marketing - Existing:

Up to ten person events daily

Up to 30 person events 2x/week

Up to 100 person events 2x/month

Marketing - Proposed: 50 total annual events, not to exceed eight per month. One weekend per month during the months of May through October will not have any events of more than 100 people:

(a) 2 indoor/outdoor evening events per year for up to 500-people;

(b) 4 events per year for up to 250-people:

- Three evening events (two outdoor and one indoor)
- One daytime event (indoor/outdoor)

(c) 6 events per year for up to 150-people:

- Three evening events (two outdoor and one indoor)
- Three daytime events (indoor/outdoor)

(d) 12 events per year for up to 100-people:

- Eight evening events (four outdoor and four indoor)
- Four daytime events (indoor/outdoor)

(e) 26 events per year for up to 50-people

- 18 evening events (indoor/outdoor)
- Eight daytime events (indoor/outdoor).

Parking - Existing: 81 spaces.

Parking - Proposed: 130 spaces.

Parcel Size - Existing: 60.72 acres

Parcel Size - Proposed: No change.

Accessory/Production Ratio - Existing: 15,209/243,800 sq. ft. or 7%

Accessory/Production Ratio - Proposed: 26,406/260,235 sq. ft. or 11% (40% allowed)

Winery Coverage - Approved: 4.8 acres, Approx. 7.9% of the lot area

Winery Coverage - Proposed: 135,880 sq. ft or 10 acres, approximately 16% of the lot area (25% maximum allowed)

Adjacent General Plan Designation/ Zoning / Land Use

North

AR General Plan designation – AW, AP, RS:B-1 Zoning Designations

Four +/- one-acre residential parcels are located directly across Zinfandel Lane. Located to the northwest includes a small residential subdivision with +/-0.25-acre lots.

South

AR General Plan designation – AP zoning

Directly south is a 24-acre lot developed with a single family home and vineyards, to the southeast and southwest are a 25-acre and 34-acre parcels also developed with single family homes and vineyards.

West

AR General Plan designation – AP zoning

Directly to the west are five +/-10-acre parcels that have street frontage on Highway 29 all of them are developed with vineyards and one of them with a single family dwelling. Abutting the west property boundary to the north for 1200 linear feet is another 10-acre vineyard parcel which has access from Zinfandel Lane.

East

AR General Plan designation – AP zoning

The southern 1,000 feet of the east property boundary is bound by an irregular shaped 32-acre parcel developed with vineyards and a residence which takes access from Galleron Lane. The north east boundary majorly includes a 27-acre parcel which is also owned by the Raymond Vineyards. There are two (1 acre and 1.45 acre) residential properties taking access from Wheeler Drive (entry to winery).

Nearby Wineries

Kelham Winery- 360 Zinfandel Lane - 33,000 sq. ft. facility producing 75,000 gallons per year. 140 visitors per week by appointment only.

The Ranch Winery –105 Zinfandel Lane - 443,000 sq. ft. facility producing 12,500,000 gallons per year.15 visitors per week.

Del Dotto Family Winery– 1445 St. Helena Hwy – 15,000 sq. ft. facility producing 48,000 gallons per year with 15 visitors per week by appointment only.

Whitehall Lane Winery - 1553 St. Helena Hwy – 25,000 sq. ft. facility producing 50,000 gallons per year with 500 visitors per week by appointment only.

Sullivan Family Estate – 1090 Galleron Road – 5,000 sq. ft. facility producing 22,500 gallons per year with 7 visitors per week by appointment only.

Franciscan Winery – 1178 Galleron Road – 119,000 sq. ft. facility producing 1,200,000 gallons per year with 3,500 public visitation per week.

Parcel History and Evolution of this Application

1973 - Planning Commission grants approval of a 19,799 sq. ft. facility and a 52,800 gallon per year public winery.

July 1975 – Planning Commission grants approval to convert a cabana to a farm labor dwelling (now the pool house).

1984 – Planning Commission grants approval of Use Permit Number 498384 to allow the increase from 52,800 gallons to 250,000 gallons per year.

April 1990 – Administrative Approval of Minor Modification to allow reconfiguration of building layouts approved as part of U-498384.

February 1991 - The Planning Commission approves Use Permit 89-45 which allowed an increase in the production from 250,000 to 750,000 gallons per year (the additional 500,000 g/yr. is subject to the 75% grape source requirement), construction of a 67,800 sq. ft. winery production facility, and a marketing plan.

March 1996 – Zoning Administrator approves up to three custom wine producers/alternating proprietors for a combined total of up to 37,500 gallons of wine.

December 2007 – Approval of a Very Minor Modification to remove the custom crush restriction and allows unlimited alternating proprietors to crush up to 750,000 gallons of wine per year.

2009 – Boisset family purchased the Raymond Vineyard property.

July 2010 - Administrative Approval of Very Minor Modification P10-00093 allowing interior modifications to include 8,129 sq. ft. of office improvement (this remedied a previous code enforcement action).

2011 – Unauthorized Interior improvements made to convert offices to private tasting rooms, including the membership-only “Red Room”, the private by-appointment “Gold Room”, the “saddle room”, “educational room”, and the “library”.

2012 – Administrative Approval of Very Minor Modification P11-00458 allowing the construction of an outdoor canopy to cover outdoor production space that was approved as part of the 1991 use permit.

Code Compliance History

2010 - CE-00063 Permittee undertook interior office remodel without a building permit. The issuance of building permit B10-00168 resolved this case. CASE STATUS: Closed.

2011 – Permittee converted the pool house to office use without permits. This use permit and future building permits to convert the use for this case to be resolved with this Use Permit application. CASE STATUS: Open.

2011 - A 10’ by 10’ vineyard viewing platform was constructed in the vineyard east of the winery without building permits. This use permit modification will resolve the allowed use, however the structure will need to comply with ADA standards and/or remove the platform to close the Code enforcement case. CASE STATUS: Open

Discussion Points

Setting

The project is proposed on a 60 acre parcel accessed from Zinfandel Lane about 1800 feet from its intersection with SR Highway 29. The property is about 1 ½ miles south of the City of St. Helena. Primary land uses surrounding the parcel are agriculture, rural residential and small lot single family development.

The property currently includes an operating winery, landscape improvements, an 80-space parking lot, and approximately 63 acres (both parcels) of producing vineyard.

The applicant who purchased the property in 2009 has done some upgrades to the facility, including converting office space and creating more accessory space for private tasting and marketing experiences.

Amount of Production

The Raymond winery has a pre-WDO annual production of 250,000 gallons. The 1991 modification authorized an additional 500,000 gallons for a total of 750,000 gallons averaged over three years with an amount not to exceed 900,000 gallons within two consecutive years.

The proposal before the commission requests a total production capacity of 1.5 million gallons, of which 1.25 million gallons will be subject to the requirement (N.C.C. §18.104.250) that 75% of the grapes be sourced from Napa County fruit. This proposal doubles the existing 1991 entitlement. In order to ensure compliance with this requirement, staff has included a recommended condition of approval requiring the applicant submit annually to the planning department records indicating compliance with required grape source until the final production volume is reached.

It is estimated that approximately 1,623 acres of vineyard land is required to support the proposed capacity, based on the following:

- 75% of 1.25 million gallons of wine is 937,500 gallons that is required to be fruit grown from Napa County;
- Assumed average yield is 165 gallons of wine per ton of fruit, equating to 5,682 tons of Napa County fruit;
- Assumed average yield per acre of planted vineyard is 4* tons of fruit equating to approximately 1,420 acres.

*information provided from the applicant's winemaker and vineyard manger, we typically use the assumed yield of 3.5 tons per acre, however the applicant's vineyard manager confirmed this is their average yield since 2009.

According to the 2010 Napa County Annual Crop Report, there were 43,267 acres of vineyard land in Napa County that produced 138,842 tons of fruit. Approximately 5,500 tons of Napa County fruit (1,600 acres of Napa County vineyards) are required to supply the facility if operating at the maximum proposed capacity.

The project would utilize approximately 4% of the total Napa County vineyard crop. According to the applicant (specific details on source provided to the Planning department via email June 12, 2012) they own 145 acres of vineyard, have 54 acres leased planted with vines, and have 275 acres contracted

within Napa County. This yields a total of 474 acres of contracted, owned, or leased Napa County fruit, which is 33% of the requirement for the new capacity, or 85% of their current entitlement. Staff has included a condition of approval requiring that prior to any building permits or authorization to expand production the applicant shall submit grape source documentation.

Staff had concerns that the amount of production needed to sustain operations was the factor for the original requested 11 p.m. hours of operation. However to address this, the applicant has reduced the frequency of extended operation times to 30-days a year and for it would be for bottling only (refer to discussions below). Further, staff has included a recommended condition of approval prohibiting truck traffic and outdoor production after 6 p.m. (not including harvest/crush activities).

Comparison table of wineries with between one and two million gallons of total annual production:

<i>Winery</i>	<i>Approval date</i>	<i>Total Production</i>	<i>Sq.ft.</i>	<i>Tours and tasting (max./week)</i>
Hess	1986	1,000,000	93,000	610
Franciscan	1973	1,200,000	119,000	3,500
Round Hill	1983	1,250,000	32,000	1,500
Hall	1985	1,260,000	179,000	3,500
Cardinale	1980	1,280,000	173,500	500
Raymond	proposed	1,500,000	260,000	3,500
Sterling	1964	1,500,000	160,250	3,850
Beaulieu Vineyards	1903	1,800,000	275,000	3,150
Domaine Chandon	1974	1,980,000	258,000	2,900
Louis Martini	1922	2,000,000	136,000	1,550

Hours of Operation

As noted in the revised project statement, the applicant is proposing a change in the facility's production hours of operation from 6 a.m. to 6 p.m. to 6 a.m. to **10 p.m. 30-days per year** (this has been modified from the original application) and 6 a.m. to 6 p.m. the remainder of the year. Staff has concerns on how to enforce these operating times. However after talking with the applicant it appears that hosting a double shift to do bottling is needed when something happens in the production schedule and/or when they need more flexibility. This would average to be about two to three days per month. Further, Staff has included a condition of approval for these days of later operations to only be limited bottling operations and to prohibit truck traffic or outdoor operations.

The applicant is requesting the tours and tastings operations be increased from 10 a.m. to 4 p.m. to 10 a.m. to 6:30 p.m. The trend in the valley is to request a later closing time for new operations (Caravan Serai, June 2011, 8 p.m., Reata, March 2012, 7p.m. Cairdean, 6:30 p.m. Krupps 6 p.m. June, 2012.) In this case, a 6:30 closing time seems reasonable and it will help distribute traffic impacts. Because of the traffic peak period from 4 p.m. until 6 p.m., staff recommends permitting this increase in hours only be

applied to the **increase of 100 people by-appointment only visitation**. Because the 400 public visitors are a part of the pre-WDO use permit, it prohibits an intensification of use, therefore an extension of hours for the public tastings cannot be approved. It is staff's opinion that the by-appointment only (100 people per day) visitation from 4 until 6:30 p.m. can be easily monitored. The project has been conditioned to comply with that requirement.

Tours and Tastings

Refer to the above table which describe wineries which have similar production volumes and tours and tastings numbers .

As staff detailed above in the hours of operations paragraph, the additional 100 people per day for tours and tastings will be limited to be 'by-appointment' and be limited from 4-6:30. The public drop-in will be prohibited during that time through signage and promotional materials.

Marketing Events

The application includes a robust marketing plan, with 50 total events not to exceed eight per month. 24 of these events will host more than 100 people and 26 of them for up to 50 guests. The number of annual events is typical of wineries of this size; however the amount of large events is more than double of typical wineries. As noted in the Attachment "Comparison of Similar Marketing Plans" there are no other wineries which have this number of 'large events'. Large events are defined as more than 75 people per event. The closest is the Hall Winery with fifteen total events, see below:

Hall - 1,260,000 gallons per year

Marketing: 12 wine and food events per year with 100 guests; 3 wine tastings and meals per week with 30 guests; and, 3 Napa Valley wine auction-related events per year with 500 guests.

Tours and Tastings: 500 visitors per day or 3,500 per week (maximum) open to the public/drop-in.

Further, the application requests to have outdoor events. The applicant has gone into detail outlining which events will be hosted indoors, and which ones will be hosted outside; nine of the large events are proposed to be indoors. One weekend per month during the summer months from May to October are proposed to include a 'weekend off' with no marketing events over 100 people.

Because of the consistent amount of large marketing events staff has requested a special event parking plan (attached in the graphics), which has been reviewed by the Department of Public Works and Fire Department. For the two 500-people events, staff has recommended a condition of approval requiring a temporary event permit, such permit application will require the submittal and approval an off-site parking and shuttle plan.

The application also references amplified music. Staff is recommending a condition of approval that prohibits amplified music unless a temporary event permit is obtained. In the case where an event hosts

more than 200 people and or includes amplified music as part of the temporary event application, the adjacent neighbors will be notified. It should be noted that all Temporary Event permits require a Zoning Administrator hearing include notification to the public within a 300-foot radius. A business is allowed (6) up to 200 people events, (6) over 200 people events, and (3) over 400 people temporary events per year with a Temporary Event Permit.

Greenhouse Gas Emissions

The applicant stated they intend to install solar in the future, but did not propose it as part of the project, nor agree to it as a condition of approval. The only tangible item included as part of this project to reduce GHG emissions were the large events (over 75 people). As proposed, 10-15% of the attendees would rely on mass transportation (such as shuttle vans). Staff identified an overall 12% reduction in vehicle miles traveled with shared transportation for the new visitation. The applicant provided information on energy efficiency efforts that have been made to existing structures between 2007 and 2010 and staff analyzed them and associated a 10% reduction in electricity demands.

If the CAP were adopted the project would have to reduce emissions by 609 MTCO₂e/yr. This is largely due to the transportation impact. Application of GHG reduction measures from local programs and the actions outlined above reduce project emissions by 172 MTCO₂e, which is about 11% below Business as Usual (BAU). Therefore, unless the applicant proposes more sustainable elements such as installation of alternative energy, increase building efficiency, an alternative wastewater treatment, adoption of a transportation demand management plan or similar measures. The proposal does will not meet the 38% reduction required by the proposed CAP by 437 MT CO₂e, or 27%.

Roadway Improvements

The intersection at the winery includes the construction of a left-hand turn lane to enter the winery from eastbound Zinfandel Lane. The 1991 use permit modification required construction of a left hand turn lane. Therefore any increase in production or intensity will require the left hand turn lane be constructed. A specific condition of approval from the Public Works Department has been included requiring the left hand turn lane to be constructed immediately and prior to any increase in traffic (production, employees, and visitation). This requirement is also included as a Mitigation Measure in the attached Mitigated Negative Declaration.

Zinfandel Lane Speed

Some concerns were raised from the neighbors in regards to the current speed limit on Zinfandel Lane. After consultation with Paul Wilkinson, the Traffic Engineer at the County Public Works Department (DPW) the DPW has started the first steps to prepare a traffic speed zone study. To complete the process a radar speed survey needs to be concluded and a traffic survey report prepared. Speed zones are established based on prevailing speed of the traffic on Zinfandel Lane after the study is completed

and a speed zone is warranted. An agenda item will be prepared in the future for the Board of Supervisors to establish the speed zone. Any interested neighbors may contact Mr. Wilkinson for additional information.

Zinfandel Lane and Highway 29 intersection

The intersection of State Route 29 with Zinfandel Lane is currently operating at LOS F. This project will increase the traffic volume at the intersection by 154 trips during the afternoon peak hour. The level of service will remain at LOS F. The Department of Public Works has recommended a condition of approval requiring payment of a traffic impact fee to offset the impacts to the State Route 29/Zinfandel Lane intersection. 154 new trips divided by 1928 existing trips is 8%. The typical cost to install a traffic signal is approximately \$325,000. This applicant's fair share contribution is 8% of \$325,000 or \$26,000.

Public Comments

To date there were numerous phone calls and emails received from the neighborhood. Because of the neighborhood interest, staff continued the hearing by two weeks. In that time the applicant held a neighborhood meeting June 4th. Staff has received three comment letters attached. In response to the neighbor's concerns, the applicant has modified the marketing events and hours of operations since the project was noticed.

Policy Issue

The industry has raised a policy issue in response to the current trend of large production requests regarding the integrity of the 75% grape source requirement imposed by the Winery Definition Ordinance, N.C.C. §18.104.250 (WDO) . Primarily, although not explicitly written in the WDO is a question before the Commission of the *intent* of the WDO: do existing entitlements not subject to the 75% rule have an entitlement to produce non-Napa County fruit wine? Or, does that winery need to establish a baseline percentage that the wine produced at the time of the WDO or at the time of use permit modification. In past practice, the County has not looked at the extent of Napa County fruit sourcing for existing pre-WDO production as part of an expansion request, but it could be argued that wineries that were using Napa County fruit prior to the adoption of the WDO are obligated to continue using that historic level of Napa County fruit for that portion of pre-WDO production. In order to satisfy this question, staff has included a condition of approval that requires the submittal of annual grape source to the Planning Department prior to subsequent increase of production.

Consistency with Standards

Zoning

The project as recommended and conditioned is consistent with AP (Agricultural Preserve) zoning district regulations. A winery (as defined in Napa County Code Section 18.08.640) and uses in connection

with a winery (see Napa County Code Section 18.16.030) are permitted in the AP district with an approved use permit (Napa County Code Section 18.20.020). The project as conditioned complies with all of the other requirements of the Zoning Code.

Building Division Requirements

The Building Division recommends approval with standard conditions. Please see their attached memo.

Fire Department Requirements

The Fire Marshal's office recommends approval with standard conditions. Please see their attached memos.

Department of Public Works Requirements

The Department of Public Works recommends approval with conditions addressing left hand turn lane improvements. Please see their attached memo.

Department of Environmental Management Requirements

The Department of Environmental Management recommends approval with standard conditions. Please see their attached memo.