

Exhibit A

BACKGROUND

**Stags Leap Winery/Treasury Wine Estates Americas Company
Use Permit Major Modification Application № P12-00110
6150 Silverado Trail, Napa, CA 94558
Assessor's Parcel № 032-530-034**

Property Owner: Treasury Wine Estates Americas Company

Representative: Deborah Dommen, Treasury Wine Estates, (707) 259-4673

Zoning: Split Agricultural Preserve (AP) & Agricultural Watershed (AW)

General Plan Designation: Split Agricultural Resource (AR) and Agriculture, Watershed and Open Space (AWOS)

Original Application Filed: March 2012

Re-submittals filed: December 2012

Complete: February 2013

Winery Size – Existing: 4,224 sq.ft. barrel storage; 4,695 sq.ft. historic winery; 3,200 sq.ft. cave, 4,180 sq.ft. covered crush and production area for a total of 16,299 sq.ft. of winery production area.

Winery Size - Proposed: Inclusion of the 7,640 sq.ft. manor house for wine tasting and no change to the existing production area.

Bed and Breakfast – Existing: A three story 7,640 sq.ft. bed and breakfast.

Bed and Breakfast – Proposed: Abandon the residential and bed and breakfast uses and convert 6,070 sq.ft. of first, second, and basement floor area to winery related tours and tastings. The remainder 1,570 sq.ft. of basement floor area will be designated for storage for the property.

Winery Size - Proposed: No change to the winery production area.

Production Capacity - Existing: 60,000 gallons per year

Production Capacity - Proposed: No change

Visitation – Existing: 10 people per day by-appointment as part of the Historic Winery

Visitation - Proposed: 40 people per day by-appointment to occur in the Manor House

Number of Employees - Existing: 2 full-time, 1 part-time

Number of Employees - Proposed: 3 full-time, 1 part-time

Hours of Operation - Existing: Operations: 6 a.m. to 11 p.m. Monday-Friday
Tours and tastings appointments: no time noted
Hours of Operation - Proposed: No Change
Tours and tastings appointments: 10 a.m. to 6:p.m., daily

Marketing - Existing: No marketing plan on file
Marketing - Proposed: No change

Parking - Existing: 6 spaces
Parking - Proposed: No change

Parcel Size - Existing: 10.7 acres
Parcel Size - Proposed: No change

Accessory/Production Ratio - Existing: 0/16,299 sq. ft. or 0%
Accessory/Production Ratio - Proposed: 6,070/16,299 sq. ft. or 37% (40% allowed)

Winery Coverage - Approved: 21,539 sq. ft. or 0.49 acres, approximately 4% of the lot area
(25% maximum allowed)
Winery Coverage - Proposed: 66,371sq.ft. or 1.52 acres or 15% of the parcel

Grape Sourcing: No changed proposed to production activities. Existing winery adheres to the 75% grape source requirement.

Adjacent General Plan Designation / Zoning / Land Use

North/West

Split Agricultural Resource (AR) and Agriculture, Watershed and Open Space (AWOS) General Plan designation and Split Agricultural Preserve (AP) & Agricultural Watershed (AW) Zoning designation.

Directly north and west from the property is a 107.5 acre parcel owned by the applicant with an operating Winery commonly known as the Red Tail facility for the Stags Leap Winery. Adjacent and north of that parcel is a 42.39 parcel developed with a house, Quixote winery, a lake, and vineyards.

South/East

Split Agricultural Resource (AR) and Agriculture, Watershed and Open Space (AWOS) General Plan designation and Split Agricultural Preserve (AP) & Agricultural Watershed (AW) Zoning designation.

There are two approximately 20 acre parcels bordering this property to the east which are partially developed with vineyards; both of them are owned by the applicant.

Nearby Wineries

Stags Leap Winery Red Tail Facility- 6150 Silverado Trail – approx. 70,000 sq. ft. facility producing 315,000 gallons per year, 10 visitors per week by appointment only.

Quixote Winery– 6126 Silverado Trail – approx. 8,000 sq. ft. facility producing 20,000 gallons per year, 70 visitors per week by appointment only.

Shafer Vineyards –6154 Silverado Trail – approx. 44,000 sq. ft. facility producing 200,000 gallons per year with 105 visitors per week by appointment only.

Robinson Family Vineyards/Treasury Wine Estates – 5880 Silverado Trail – approx. 3,000 sq. ft. facility producing 15,000 gallons per year with 8 visitors per week by appointment only.

Pillar Rock Winery (approved in 2004 but not built) – 6110 Silverado Trail – approx. 13,000 sq. ft. facility authorized to produce 16,000 gallons per year with 40 visitors per week by appointment only.

Parcel History

1973	Use permit number U-627273 authorized a 5,000 gallon wine storage and aging facility.
1978	Use permit number U-417778 authorized the expanded production of 35,000 gallons per year.
1985	Bed and Breakfast Permit #BB-18586 authorized three rooms or six people per night and the serving of a continental breakfast.
1987	Use permit number U-508687 authorized the existing 60,000 gallons per year production and a 4800 sq. ft. building and tours and tastings by appointment only.
2011	Lot line adjustment approved between APNs 032-530-014 and -017/018SFAP and -032/033 SFAP, which placed the historic manor house on the same parcel as the historic winery.

Code Compliance History

There are no past or active code enforcement cases on this parcel, or any of the neighboring parcels owned by the applicant.

It should be noted however that this use permit request is already happening on a very small scale; tours and tastings evolved into the bed and breakfast over time. The bed and breakfast is a current use as per tax and planning records and this application will abandon the residential use and require the structure to be brought into conformance with commercial fire, planning, building, and engineering standards while preserving a historic resource.

Discussion Points

Setting and Historic Significance - The project is proposed on a 10.7 acre parcel accessed from Silverado Trail about a mile south from its intersection with Yountville Crossroads, in heart of the *Stags Leap Viticulture Appellation*. Primary land uses surrounding the parcel are agriculture and rural residential.

The property includes several circa 1890 stone buildings, according to the *Historic Resource Report* dated August 2012 by Juliana Inman, Architect. The site is eligible as a historic district as per the National Historic Register. The existing bed and breakfast, or as referenced as the Manor House, is virtually unaltered and retains a high degree of historical integrity.

At the toe of the hillside at the north end of the parcel, an operating historic 3,750 sq.ft. winery, a 4,224 sq.ft. barrel storage facility, 3,000 sq.ft. of caves, and 800 sq.ft. of parking currently exists.

Located adjacent to the main driveway is a two story stone residence, what we are referencing as the 'main' 2,330 sq.ft. dwelling unit. To the east of that is the historic carriage house, what we are referencing as the 1,755 sq.ft. 'second residential unit'. On the eastside of the property are four small cottages (560 sq.ft., 700 sq. ft. 810 sq.ft. and 625 sq.ft.). However, more grandiose is the two and a half story with a castle-like tower 7,640 sq.ft. historic manor house and 1,200 sq.ft. wrap-around covered porch. Throughout the property are landscape improvements, an empty stone pool, and a six-space parking lot.

Change of Use - As noted in the project description this request will abandon the existing residential and bed and breakfast use and replace it with a winery tasting and visitation space for the existing historic Stag's Leap winery also located on the property. In order to bring the new use compatible with current code, minor site and interior improvements will need to be made. Most importantly are the ADA upgrades due to the slope on the property; these include a new accessible pathway from the parking lot to the manor house, a new outdoor restroom located on the pathway, an upgrade to the existing interior restroom, and a new entry door. All these proposed changes have been reviewed by the historic architect and found compatible with the Secretary of Interior Standards for Historic Rehabilitation. In compliance with the State Historic Building Code, the Building Division and Fire departments recommend waiving the requirements to install a fire sprinkler and install a new hydrant, signage, and alarms along with other requirements as per the attached conditions. The existing fire hydrants on the property had a lower pressure than what currently is required by code. To improve this condition the applicant will connect to the Red Tail facility to the north and install a new underground pipe and a new fire hydrant.

Visitation and Marketing Comparison - Proposed tours and tasting visitation to the winery would be by-appointment, with a maximum of 40 visitors per day and a maximum of 280 visitors per week. The average number of visitation for a winery of this size is 375 visitors per week. Although their proposed visitation number is on the high side in comparison to other by appointment wineries, this winery doesn't include a marketing plan currently and doesn't propose one as part of this proposal. Below is a comparison of wineries of similar size.

Winery	Approved Production	Tours & Tastings	Tours & Tastings visitors/week	Marketing Events per year*
Cain Cellars	59,000	By Appointment	5	no data
Hendry Ranch	59,000	By Appointment	20	no data
Catacula Lake	59,000	By Appointment	110	4
Odette	59,999	By Appointment	917	96
Truchard Vineyards	60,000	None	12**	no data
Freemark Abbey	60,000	Public	1,800	no data
Heitz Wine Cellars	60,000	By Appointment	no data	no data
Elyse	60,000	By Appointment	24	no data
Atalon	60,000	By Appointment	20	no data
Cliff Lede Vineyards	60,000	Public / By Appt	875 / 140	15
Stag's Leap (Doumani 1)	60,000	By Appointment	60	no data
Bourassa	60,000	By Appointment	45	10
Hunnicut	60,000	By Appointment	21	16
Spelletich	60,000	None	0	0
Arkenstone	60,000	By Appointment	210	18
Tamber Bey	60,000	By Appointment	140	26
Two Rocks	62,500	By Appointment	15	21
Stag's Leap (existing)	60,000	By Appointment	280 proposed	none

* No Data - Attributed to older wineries with no marketing program proposed or approved.

** Number authorized to industry visitors only.

Road Modification Request - In 2000, as part of the Stags Leap Winery Red Tail facility expansion, the Director of Public Works granted a road exception for portions of a reduced roadway width from Silverado Trail to the property entrance. In 2006 the Road and Street Standards were amended to require specific findings and that the Planning Commission approve road exceptions.

The driveway in this application conforms to the standards for both a commercial driveway and a one-way loop road for the length of the driveway except the areas that are adjacent to existing mature trees, historic stone walls and entrance columns. However, these areas are considered a part of the historic district and support approval of the road modification request.

As indicated on the traffic information sheet and confirmed by the attached Traffic Impact Study from Crane Transportation Group dated March 19, 2013, the project proposes no new trips; the abandonment of the bed and breakfast use (27 trips) creates a net zero impact from the addition of 30 people per day (23 trips) and one employee (3 trips).

The current access from Silverado Trail consists of a series of short one-way loops as an alternative to the commercial driveway standard of an 18 ft. travel way with 2 feet of shoulders. Portions of the one-way loop will be reduced to as much as 11 ft. wide over a short distance to accommodate historic features and several mature trees along the driveway.

The Engineering Services Division and Fire Department have reviewed this request, and recommend the Commission make the findings that the steep slopes, mature trees, physical site limitations, and recorded historical sites are consistent with the definitions as described in the Napa County Road and Street Standards in Section 3(D) and that by granting this exception the project achieves the same overall practical effect as meeting the standards.

Multiple Residences - A condition of approval has been included that if the applicant requests a building permit for any remodeling of the residences a Certificate of Extent of Legal Nonconformity (CLN) as per County Code Section 18.132.030 shall be applied for to acknowledge an over sized second residential unit and three additional guest cottages than what is allowed by the Agricultural Watershed (AW) Zoning. Should the CLN findings be made and the CLN be approved, the units will be conditioned and required to be used solely for residential purposes and will not be able to expand beyond their current configurations.

Greenhouse Gas Emissions - The application is exempt from CEQA so staff did not analyze the potential greenhouse gas emissions. However, the project includes no new traffic and no new construction so the potential for additional greenhouse gas emissions is unlikely. Nonetheless the applicant did state in their letter of intent that their winery energy operations were improved by 18% in the last five years and an additional 70% of the winery's electrical requirements come from alternative solar energy produced on-site. Also of note the applicant has a self imposed three year goal to reduce an additional 30% of their energy and water use.

Public Comments - As of writing this report, staff has not received any written comments. However staff did meet with the adjacent neighbor to the north, who shares access to the property and it was noted that the existing roadway to the property which includes the double row of mature trees (which was granted a road exception in 2000) does not accommodate a grape truck and a passenger car on that section at the same time. Staff discussed with the neighbor that there are no additional new trips as proposed and the shoulders and turn outs on that portion of the road are intended for cars to pull over for trucks to pass. The applicant and neighbor have discussed a solution without the removal of the mature trees and the applicant is amenable to looking to improving the existing shoulders and pull outs.

Consistency with Standards

Zoning - The project as recommended and conditioned is consistent with AP (Agricultural Preserve) and Agricultural Watershed (AW) 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 memo.

Engineering Division Requirements - The Engineering Division recommends approval with conditions. Please see their attached memo.

Environmental Health Division Requirements - The Environmental Health Division recommends approval with standard conditions. Please see their attached memo.