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Agenda Date: 1/16/2013

Agenda Placement: 9B

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission

FROM: Charlene Gallina for Hillary Gitelman - Director
Planning, Building and Environmental Services

REPORT BY: RONALD GEE, PLANNER III - 707.253.4417

SUBJECT: ARKENSTONE VINEYARDS WINERY / F. RON & SUSAN KRAUSZ - ARKENSTONE VINEYARDS
WINERY MAJOR MODIFICATION - USE PERMIT MAJOR MODIFICATION # P12-00338-MOD

RECOMMENDATION

ARKENSTONE VINEYARDS WINERY / F. RON & SUSAN KRAUSZ – USE PERMIT MAJOR MODIFICATION # P12-00338-MOD

CEQA Status: Subsequent Negative Declaration Prepared. New environmental effects resulting from proposed changes, altered conditions or new information are addressed in the Initial Study; there are no changes proposed in this project which require major revisions to the previous environmental document. This project site is not on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5.

Request: Approval to modify Use Permit # P10-00092-MOD, Use Permit Major Modification #P06-01424-MOD and Use Permit # 02221-UP to: 1) Increase annual wine production from 48,000 gallons/year to 60,000 gallons/year; 2) Increase daily, appointment-only tours and tastings from 10-people/day to 30-people/day with pre-packaged or caterer-prepared food pairings; 3) Expand the winery marketing plan to increase the number of catered events from six 15-person events to 12 24-person events, two 80-person events to four 80-person events and from one 50-person harvest event to two 50-person events total; 4) Increase the days of operation from Wednesday-Sunday to Monday-Sunday; 5) Increase the number of employees up to 10 total; 6) Increase on-site parking from 11 to 17 spaces; 7) Remove the earlier permit condition limiting custom-crush; and 8) Allow on-site sale and consumption of wine pursuant to AB 2004. The project is located on an approximately 42.53 acre parcel at the west terminus of West Lane, approximately 0.2 mile (1,100 feet) from its intersection with South White Cottage Road within the AW (Agricultural Watershed) Zoning district; 323 West Lane, Angwin, APN 024-450-013.

Staff Recommendation: That the Planning Commission adopt the Subsequent Negative Declaration and approve the Use Permit Modification as conditioned.

Staff Contact: Ronald Gee, (707) 299-1351, ronald.gee@countyofnapa.org

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Adopt the attached Subsequent Negative Declaration, based on Findings 1-10 of Exhibit A; and
2. Approve Use Permit Major Modification #P12-00338-MOD based on Findings 11-15 of Exhibit A and subject to the recommended conditions of approval, Exhibit B.

Discussion:

This application proposes modification to Arkenstone Vineyards Winery Use Permit # 02221-UP, Use Permit Major Modification #P05-0094-MOD, Use Permit Modification # P06-01424-MOD and Use Permit Very Minor Modification # P10-00092-VMM, initially approved in April 2003 as a 48,000 gallons per year, 15,300 sq. ft. winery. The original permit included an approximately 9,100 sq. ft. winery building with a 6,200 sq. ft. cave; subsequent permit amendments added a 1,700 sq. ft. mechanical building, a covered 4,000 sq. ft. crush pad, changed the type and increased the size of the wine cave to 25,000 sq. ft.

The current proposal would increase annual wine production from 48,000 gallons/year to 60,000 gallons/year. Daily, appointment-only tours and tastings would increase from 10-people/day to 30-people/day with pre-packaged or caterer-prepared food pairings. The winery marketing plan would be expanded to increase the number of catered events from six 15-person events to 12 24-person events, two 80-person events to four 80-person events and from one 50-person harvest event to two 50-person events total. Days of operation would increase from Wednesday-Sunday to Monday-Sunday. The number of employees would increase to 10 total. The application proposes 3 additional parking spaces for 17 total on-site spaces (however, earlier Use Permit site plan approvals only show 11 parking spaces for a net 6-space increase). Earlier permit conditions limiting custom-crush would also be deleted. On-premise bottle consumption by winery guests is requested as allowed under AB 2007 (Evans). No changes to the existing winery buildings, accessory-to-production use ratio or hours of operation are proposed.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

Environmental Determination: A Subsequent Negative Declaration has been prepared to update the Mitigated Negative Declaration previously adopted for the winery in 2003. Mitigation measures that were adopted in the Mitigated Negative Declaration addressed Aesthetics, Cultural Resources and Noise. The new document identifies new baseline thresholds for winery operations and analyzes potential Air Quality impacts and Greenhouse Gas Emissions.

The proposed winery production increase, marketing plan and visitation expansion, minor employee and parking space increases and related improvements will not be located in any identified biologically or archaeologically-sensitive areas and will take place on previously-disturbed areas. New environmental effects resulting from proposed changes, altered conditions or new information were addressed in the Initial Study; there are no

changes proposed in this project which require major revisions to the previous environmental document.

This project site is not on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5.

BACKGROUND AND DISCUSSION

Owners: Ark Ranch LLC - F. Ron and Susan Krausz , (707) 963-7516

Representative: George Monteverde, (707) 761-2516

Zoning: AW (Agricultural Watershed)

General Plan Designation: AWOS (Agriculture, Watershed & Open Space)

Initially Submitted: September 25, 2012 **Determined Complete:** December 4, 2012

Current Winery Size: Approximately 9,100 square feet winery building, 25,000 square feet cave and 1,700 square feet mechanical building

Proposed Winery Addition: None

Production Capacity: Existing - 48,000 gallons per year
Proposed - Increase to 60,000 gallons per year

Visitation: Increase daily, appointment-only tours and tastings from 10-people/day to 30-people/day with pre-packaged or caterer-prepared food pairings and allow on-site bottle consumption consistent with AB 2004.

Marketing: Expand the winery marketing plan to increase the number of catered events from six 15-person events to 12 24-person events, two 80-person events to four 80-person events and from one 50-person harvest event to two 50-person events total.

Number of Employees: Increase the number of employees from one full-time and 2 part-time up to 10 total.

Hours of Operation: 7:00 AM to 5:00 PM daily; Visitation from 10:00 AM - 5:00 PM (no change). Increase the days of operation from Wednesday-Sunday to Monday-Sunday.

Parking: Increase number of parking spaces from 11 to 17.

Adjacent Zoning / Land Use:

North AW - 20.5, 4 and 1.75 acres - Rural Residential and undeveloped

South AW - 22.61 and 15.64 acres - Open Space (undeveloped)

East AW - 20.1 acres - Rural Residential

West AW - 115 and 33 acres - Open Space (undeveloped)

Nearby Wineries (within one mile of the project site):

Bravante Winery - 330 Stone Ridge Road - 20,000 gallons per year - tours and tasting by appointment
Lail Vineyards - 320 Sone Ridge Road - 12,000 gallons per year - tours and tasting by appointment
Ladera Winery - 150 South White Cottage Road - 150,000 gallons per year - no tours and tasting
Neal Winery - 716 Liparita Avenue - 35,000 gallons per year - tours and tasting by appointment
Viader Vineyards - 1120 Deer Park Road - 32,000 gallons per year - private
Vineyard 22 - 1156 Deer Park Road - 10,000 gallons per year - tours and tasting by appointment
Cade Winery - 360 Howell Mountain Road - 30,000 gallons per year - tours and tasting by appointment

Property History: Use Permit # 02221-UP was approved on April 2, 2003 for Arkenstone Vineyards Winery to allow a 15,300 sq. ft. facility with a 9,100 sq. ft. winery building and 6,200 sq. ft. cut-and-cover cave to be built in two phases. A 1,025 sq. ft. covered work area was included to produce 48,000 gallons/year; 50% of the production capacity was made available for custom production by up to 4 custom clients, either as alternating proprietors or contract customers. Retail sales, tours and tastings (with food pairings) were permitted by appointment only. The winery operated five days/week from 7:00 am-5:00 pm and seven days/week during harvest (Sept.-Oct.). There were five tours/week with a maximum of 10 persons/tour, averaging 40 people/week. There were two full-time and one part-time employees with seven parking spaces on-site. The winery's marketing plan included six annual events with 15 people, two events with 80 people, one event with 50 people and one Wine Auction event with 100 people, all catered. On June 6, 2006.

Use Permit Modification # P05-0094-MOD changed the cut-and-cover cave to a 13,000 sq. ft. dug cave, deleted the winery basement and reduced the winery building size to 3,733 sq. ft., relocated the cave portal, modified floor plans and elevations, relocated the covered crush pad and increased its size to 1,642 sq. ft.

Use Permit Modification # P06-01424-MOD, approved February 14, 2007, allowed an increased cave size to 25,000 sq. ft., adjusted the winery building footprint and increased its size to 4,373 sq. ft., added a new, 1,700 sq. ft. mechanical building and covered the 4,000 sq. ft. crush pad.

On June 25, 2010, Use Permit Very Minor Modification # P10-00092-VMM allowed a 300 square foot addition to the hospitality building, converted existing attic space for additional office space and storage, and reduced building area envelope.

Code Compliance History: Based on a review of the County Planning and Building files, there have been no complaints or code compliance issues filed against this property while under the current ownership.

Discussion Point(s):

1. Proposal - The proposed modification would increase annual winery production from 48,000 to 60,000 gallons/year. Daily, appointment-only tours and tastings would increase from 10-people/day to 30-people/day with pre-packaged or caterer-prepared food pairings and allow on-site bottle consumption consistent with AB 2004. The winery marketing plan would be expanded by increasing the number of catered events from six 15-person events to 12 24-person events, two 80-person events to four 80-person events and from one 50-person harvest event to two 50-person events total. The number of employees from one full-time and 2 part-time up to 10 total. Hours of operation would continue to be from 7:00 AM to 5:00 PM daily but the days of operation from Wednesday-Sunday would be extended to Monday-Sunday.

The Water Availability Analysis indicates that the 42.53 acre mountain-area site is allotted 21.27 acre/feet (af/yr) of annual water use. Existing water use at the winery's current 48,000 gallons/year production rate has been 13.66 af/yr. With the proposed 60,000 gallons/year production increase, water use is expected to increase to 13.99 af/yr for the winery, including domestic (consisting of residential, winery staff, visitation and increased marketing amounts), landscaping and vineyard irrigation, an amount well below the 21.27 af/yr allotment.

2. Circulation - The applicant has submitted traffic data that concludes the winery will contribute to the overall traffic by 37 vehicle trips per day (12 PM peak trips) on weekdays and 26 vehicle trips per day (11 PM peak trips) on typical Saturdays. The proposed project includes up to 10 full-time and part-time employees, 30 busiest-day tours-and-tasting visitors and 60,000 gallons/year of production generating the 37 daily vehicle trips on weekdays and 42 trips on harvest-season days with no marketing events. The subject application also proposes marketing events, with up to 100 people at the largest event; at 2.8 persons per car that would add up to 71 additional trips on the day of a large marketing event.

The Division of Engineering Services has reviewed this data and recommends approval of the project on the basis that the traffic volumes are below the threshold that would require construction of a left turn pocket at South White Cottage Road in accordance with the *Napa County Roads and Streets Standards*. There will be no residual individually or cumulatively significant traffic impacts associated with this project as regards to traffic congestion and levels of service.

The project site is accessed from the west terminus of West Lane, approximately 0.2 mile (1,100 feet) from its intersection with South White Cottage Road. The Division of Engineering Services has reviewed project access and recommends approval with standard conditions as stated in the attached December 10, 2012 comments and project conditions. The Napa County Fire Marshal has reviewed this application and has identified no significant impacts related to emergency vehicle access.

3. Parking - This application identifies that there are 14 existing parking spaces on-site to accommodate the current number of employees and daily visitation by appointment. However, the last winery improvement site plan in Use Permit files shows 11 parking spaces. Three additional spaces are proposed along the existing access roadway near the north cave portal. Although the net increase will be three new on-site parking spaces, for Use Permit purposes, there will be a six space increase. The Division of Engineering Services has reviewed the winery's existing parking layout and recommends approval with standard conditions.

4. Visitation and Marketing - The proposal would increase daily, appointment-only tours and tastings from 10-people/day to 30-people/day with pre-packaged or caterer-prepared food pairings and allow on-site bottle consumption consistent with AB 2004. The proposed winery marketing plan expansion would increase the number of catered events from six 15-person events to 12 24-person events, two 80-person events to four 80-person events and from one 50-person harvest event to two 50-person events total.

Staff has provided a table below comparing marketing and tours and tastings visitation at other wineries with annual production of 60,000 gallons per year. The proposed visitation program falls roughly into the middle amongst its peer group of wineries with an approved production capacity of 60,000 gallons per year.

Winery	Approved Production	Tours & Tastings	Tours & Tasting Marketing Events	
			Avg/Week	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
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 Appointment	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
Two Rocks	62,500	By Appointment	15	21
Turley Wine Cellars	65,000	By Appointment	75	no data
Arkenstone Vineyards	60,000	By Appointment	30/210	18

* No Data Recorded - Attributed to Older Wineries with no marketing program proposed or approved

** Number authorized to industry visitors only.

5. Greenhouse Gases/Climate Action Plan - The County requires project applicants to consider methods to reduce Green House Gas (GHG) emissions consistent with Napa County General Plan Policy CON-65(e), which requires GHG review of discretionary projects. The applicant has completed the Department's GHG Emissions and Reductions Summary Worksheet, which is attached to this report as part of the application materials. The applicant proposes to incorporate GHG reduction methods including future installation of solar panels, bicycle access and parking. The project's 2020 "Business as Usual" emissions were calculated by Planning staff using California Emissions Estimator Model (CalEEMod) GHG modeling software, resulting in modeled 2005 annual emissions of 15 metric tons of carbon dioxide and carbon dioxide equivalents (MT CO₂e). The proposed project has been evaluated against the BAAQMD thresholds and determined that the project would not exceed the 1,100 MT/yr of CO₂e.

GHG Emission reductions from local programs and project level actions, such as application of the CalGreen Building Code, tightened vehicle fuel efficiency standards, and more project-specific on-site programs including those winery features noted above would combine to reduce emissions by 13% below "business as usual" level in 2020. The proposed project would not conflict with or obstruct the implementation of any applicable air quality plan.

Consistency with Standards:

Zoning - A winery (as defined in Napa County Code Section 18.08.640) and uses in connection with a winery (see Napa County Code Section 18.20.030) are permitted in the AW (Agricultural Watershed) District with an approved use permit. This winery complies with the Winery Definition Ordinance.

Fire Department - The Fire Marshal recommends approval with no new conditions in the attached October 1, 2012 memo.

Engineering Services Division (ESD) - The ESD recommends approval with standard conditions that address water, parking, other site improvements, and post-construction run-off and storm-water management requirements. Please see the attached November 20, 2012 and December 10, 2012 memos.

Environmental Health Division (EHD) - The EHD recommends approval with standard conditions to allow catered food only for food and wine pairings. Updated permit applications for the winery's existing Hazardous Materials Business Plan/Business Activities Page and new septic system installation are required. Please see the attached December 7, 2012 memo.

SUPPORTING DOCUMENTS

A . Exhibit A - Findings

B . Exhibit B - Conditions of Approval

- C . Agency Comments
- D . Subsequent Mitigated Negative Declaration
- E . Application Materials
- F . Graphics

Napa County Planning Commission: Approve

Reviewed By: John McDowell