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Agenda Date: 10/21/2009

Agenda Placement: 9B

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission

FROM: John McDowell for Hillary Gitelman - Director
Conservation, Development & Planning

REPORT BY: Chris Cahill, Planner - 707.253.4847

SUBJECT: Grgich Hills Estate Use Permit Major Modification P08-00648-MOD and Variance P08-00656-VAR

RECOMMENDATION

VIOLET GRGICH / GRGICH HILLS CELLAR / GRGICH HILLS ESTATE USE PERMIT MAJOR MODIFICATION No. P08-00648-MOD and VARIANCE No. P08-00656-VAR

CEQA Status: Subsequent Mitigated Negative Declaration Prepared. According to the proposed subsequent mitigated negative declaration, if mitigation measures are not included, the proposed project would have new potentially significant environmental impacts in the following areas: Agriculture Resources, Hazards and Hazardous Materials, and Transportation/Traffic. In addition, modifications to previously-adopted mitigation measures are proposed in the following areas: Noise, Aesthetics, Public Safety, and Traffic. The project site is not on any of the lists of hazardous waste sites enumerated under Government Code section 65962.5.

Request:

Variance No. P08-00656-VAR

Approval of a Variance from required winery road setbacks to allow additions to an existing residence to create a winery hospitality center 285 feet from Hwy. 29 (600 feet required) and 250 feet from an unnamed private driveway (300 feet required) and additions to an existing barn to create a winery storage barn 360 feet from Hwy. 29 (600 feet required) and 110 feet from an unnamed private driveway (300 feet required).

Use Permit Major Modification No. P08-00648-MOD

Ministerial Lot Line Adjustment to convert a 3 acre parcel and a 21 ½ acre parcel into a 13 ¼ acre parcel and a 11 ¼ acre parcel and a discretionary modification to Use Permit No. U-407677, as previously modified by No. U-297980, No. U-28485, No. U-90-3, No. 94348-MOD, No. 95639-MOD, No. 98376-MOD, and No. 99528-MOD, to allow the following on the resulting 13 ¼ acre parcel: 1.) conversion of and renovations to an existing 2,500 square foot residence to create a winery hospitality center, including installation of a commercial kitchen; 2.) phased additions to the proposed hospitality center totaling 3,733 square feet (for an eventual building area of 6,200 square feet); 3.) conversion of approximately .15 acres of vineyard into a winery hospitality center garden; 4.) conversion of and additions to an existing 1,800 square foot agricultural storage barn to create a 5,000 square foot barrel, case goods, and winery storage barn; 5.) widening and realignment of existing residential drives to provide access from the existing Grgich Hills Estate driveway entrance and to meet Napa County winery road standards

(minimum 18 foot pavement widths); 6.) 3 new full time employees, legalization of 15 existing full time employees, and 2 new peak employees are proposed. (The resulting total employment would be 38 full time employees, 12 part time employees, and up to 2 peak/event employees); 7.) installation of a new sanitary sewage septic system; 8.) 22 additional parking spaces, for a total of 59; 9.) additional marketing events including three 75-person maximum private promotional tastings with meals per week, four 30-person maximum small private tastings with food pairings per week, and fifteen 100-person maximum private tasting events with meals annually; and 10.) updates and modifications to environmental mitigation measures and conditions of approval initially adopted with use permit U-90-3.

The project is to be located on a lot line adjusted 13 ¼ acre parcel located on the west side of State Highway 29, approximately ½ mile north of its intersection with Rutherford Cross Road (State Highway 128) within the AP (Agricultural Preserve) zoning district. Current APNs: 027-470-005 (3 acres) and 027-470-024 (21 ½ acres). 1829 and 1849 St. Helena Highway, Rutherford, Calif. 94573

Staff Recommendation: Adopt the subsequent mitigated negative declaration and mitigation monitoring and reporting plan and approve the requested variance and use permit as conditioned.

Staff Contact: Chris Cahill, 253-4847 or ccahill@co.napa.ca.us

EXECUTIVE SUMMARY

Proposed Action:

1. That the Planning Commission adopt the Subsequent Mitigated Negative Declaration and Mitigation Monitoring Program for the Grgich Hills Estate Winery, based on findings 1-5 of Exhibit A;
2. That the Planning Commission approve Variance P08-00656 based on findings 6-11 of Exhibit A; and
3. That the Planning Commission approve Use Permit Modification P08-00648 based on findings 12-16 of Exhibit A and subject to the recommended conditions of approval (Exhibit B).

Discussion:

The applicant, Ms. Violet Grgich, requests Planning Commission approval of a use permit modification and winery road setback variance for the Grgich Hills Estate winery, to allow the conversion of an existing 2,500 square foot residence into a 6,200 square foot winery hospitality center and the replacement of an existing 1,800 square foot agricultural storage barn with a 5,000 square foot barrel, casegoods, and winery equipment storage barn. Winery road setback variances are requested to allow the conversion of and additions to the existing structures within the required 600 foot winery road setback from Highway 29 and the 300 foot winery road setback from a private drive running along the southern edge of the property. Ms. Grgich also requests approval for additional winery employment, new and additional parking areas and access drives, and an enlarged marketing program including new private tasting events for up to 100 people. No changes are proposed to the currently-approved 250,000 gallon per year annual production level or the 220 vehicle per day (averaged over the course of a year) maximum public and by-appointment tours and tastings visitation limit. All new and existing marketing events would be scheduled so as not to create additional trips during peak weekday or weekend traffic periods. Staff believes required findings can be made in support of the requested variance and we recommend approval of the proposed use permit modification as conditioned.

FISCAL IMPACT

Is there a Fiscal Impact?

No

ENVIRONMENTAL IMPACT**Environmental Determination:**

Subsequent Mitigated Negative Declaration Prepared. According to the proposed subsequent mitigated negative declaration, if mitigation measures are not included, the proposed project would have new potentially significant environmental impacts in the following areas: Agriculture Resources, Hazards and Hazardous Materials, and Transportation/Traffic. In addition, modifications to previously-adopted mitigation measures are proposed in the following areas: Noise, Aesthetics, Public Safety, and Traffic.

BACKGROUND AND DISCUSSION

Owner: Grgich Hills Cellar

Applicant: Violet Grgich

Representatives (Attorneys): Ms. Katherine Philippakis and Mr. Farhaad Virani, Farella Braun + Martel

Zoning: AP (Agricultural Preserve)

General Plan Designation: AR (Agricultural Resource)

Filed: December 4, 2008 **Complete:** June 26, 2009

Winery Size (Existing): Approximately 58,000 s.f.

Winery Size (Proposed): 6,200 s.f. single story hospitality center with a second story deck and a 5,000 s.f. single story raised ceiling winery storage barn, for a winery total of approximately 69,000 s.f.

Accessory to Production Ratio (Existing): 16%

Accessory to Production Ratio (Proposed): 26%

Accessory to Production Ratio (WDO Maximum): 40%

Production Capacity (Approved): 250,000 gallons per year

Production Capacity (Proposed): No change.

Marketing (Existing): Seven events annually, with maximums ranging from 50 to 400 people

Marketing (Proposed): Additional marketing events including three 75-person private promotional tastings with meals per week, four 30-person private tastings with food pairings per week, and fifteen 100-person private tasting events annually. (All figures are maximum.)

Visitation (Existing): Open to the public visitation, with a maximum of 220 vehicles per day (averaged annually), additional private by-appointment tours and tastings and wine education events occurring at the existing winery building and subject to the 220 vehicles per day maximum.

Visitation (Proposed): No change.

Number of Employees (Approved): 20 full-time and 12 part-time

Number of Employees (Existing): 35 full-time and 12 part-time

Number of Employees (Proposed): 38 full-time, 12 part-time, and up to 2 peak event employees

Hours of Operation (Existing):

Public tasting - closed 4 pm to 6:30 pm on weekdays and 4:30 pm to 6:30 pm on weekends

By appointment visitation - closed 4 pm to 6:30 pm on weekdays and 4:30 pm to 6:30 pm on weekends

Tours - open 10 am to 3:30 pm

Marketing events - May not begin or end 4 pm to 6:30 pm

Hours of Operation (Proposed):

Public tasting - No change

By appointment visitation - No change

Tours - open 9 am to 3:30 pm

Marketing events - May not begin or end 4 pm to 6 pm on weekdays or 1 pm to 3 pm on weekends

Parking (Existing): 37, including 18 for visitors and 19 for employees

Parking (Proposed): 59, to be used interchangeably

Setbacks (Proposed, Post Lot Line Adjustment):

Hospitality Center

285' front (600' required), 250' south side (300' required), 800' north side (20' required), and 100' rear (20' required)

Storage Barn

360' front (600' required), 110' south side (300' required), 940' north side (20' required), and 45' rear (20' required)

Adjacent General Plan Designation/ Zoning / Land Use:North

Agricultural Resource General Plan designation

AP zoning

Agricultural and open space uses; including a 60 acre vineyard parcel (Fosters Wine Estates).

South

Agricultural Resource General Plan designation

AP zoning

Agricultural and residential uses; including a 130 acre vineyard, residential, and garden parcel (Kolb).

East

Agricultural Resource General Plan designation

AP zoning

Transportation uses; including the Napa Valley Wine Train tracks and State Highway 29.

West

Agricultural Resource General Plan designation

AP zoning

Agricultural and residential uses; including a 130 acre vineyard, residential, and garden parcel (Kolb) and a 30 acre vineyard and residential parcel (Bosche).

History and Evolution of this Application:May 1977

The Planning Commission approves **use permit No. U-407677**, allowing a 50,000 gallon per year winery with tours

and tasting by appointment.

May 1980

The Planning Commission approves **use permit modification No. U-297980**, allowing a 7,500 square foot addition to the winery.

September 1984

The Planning Commission approves **use permit modification No. U-28485**, allowing a 8,150 square foot winery addition, an increase in production to 150,000 gallons per year, public tasting, and tours by appointment.

December 1990

The Planning Commission approves **use permit modification No. U-90-3**, allowing an 18,500 square foot winery addition and an increase in production to 250,000 gallons per year. Vehicles entering the facility were limited to 220 per day, on an annualized basis.

July 1995

The Zoning Administrator approves **use permit modification No. 94348-MOD**, allowing installation of a double-sided winery sign adjacent to Highway 29.

July 1996

The Zoning Administrator approves **use permit modification No. 95639-MOD**, allowing construction of an employee lunch room.

April 1999

The Zoning Administrator approves **use permit modification No. 98376-MOD**, allowing construction of an office and record storage room.

January 2001

The Zoning Administrator approves **use permit modification No. 99528-MOD**, allowing construction of approximately 4,500 square feet of additions, including a private by-appointment tasting room, a deck, ADA-accessible restrooms, new office areas, and miscellaneous other minor additions.

January 2007

The Planning Director makes an administrative determination that "wine education events" taking place within the by-appointment tasting area are allowed under the existing use permit, provided that the pre-existing cap of 220 vehicles entering the day is not exceeded.

Code Compliance History:

Enforcement staff indicates that an unpermitted portable sign with balloons is occasionally placed at the entrance driveway and the applicant admits that employee numbers have increased above permitted levels (this application would correct that employment discrepancy.) Having toured the property and reviewed the Department's files, planning staff is otherwise unaware of any code compliance issues.

Discussion Points:

Background

The Grgich Hills Winery was initially approved in 1977, prior to the enactment of the Winery Definition Ordinance (WDO), as a 5,000 square foot winery with a production of 50,000 gallons per year and no public tours or tastings.

As outlined at **History and Evolution of this Application**, above, the facility has evolved over time into an approximately 58,000 square foot, 250,000 gallon per year winery with public tours and tasting, additional private by-appointment tastings and wine education programs, and a full special event marketing plan. The application currently before the Commission chiefly proposes a new hospitality center and storage barn; it also attempts to streamline and clarify some of the rules and regulations governing the property.

Lot Line Adjustment

As currently configured, the Grgich Hills winery is located on a single 21 1/2 acre parcel. In or about 2003, Grgich Hills purchased an adjoining 3 acre parcel including a single family residence, an agricultural barn, and a few acres of vineyard. In late 2008, the applicants filed a ministerial lot line adjustment application which would result in a roughly 13 1/4 parcel including the existing Grgich Hills winery and all of the existing improvements on the smaller (previously 3 acre) neighboring parcel and a roughly 11 1/4 acre vineyard parcel located to the west. The lot line adjustment has yet to be finalized, but the Planning Department issued a memo recommending approval on December 23 of last year, conditioned on amendment of the existing Williamson Act agricultural contract (please see memo attached under **County Department Comments**.)

Visitation Numbers

In approving Grgich Hills use permit modification No. U-90-3 in 1990, the Planning Commission adopted a condition of approval limiting the "maximum number of visitor carrying vehicles" entering the winery to "220 per day on an annualized basis." The 220 vehicle per day figure, averaged over the course of a year, sets a clear limit on the number of open to the public and by-appointment visitors coming and going from the existing Grgich Hills Estate winery. The project traffic study (see, in particular, Traffic Engineer George Nickelson's September 16, 2009 letter attached at **Traffic Study, Caltrans Comments, Response to Comments, and Addendum**) confirms that existing traffic volumes at the winery are less than the permitted 220 vehicle per day level.

Use Permit Modification

The use permit modification currently before the Commission proposes renovations and additions to the existing residence to convert it into a hospitality center, replacement of an existing agricultural barn with a new barrel/case goods/general winery storage barn, an increase in winery employment, new parking areas, and an expanded marketing plan. The details of the requested use permit modification are addressed in greater detail below.

Hospitality Center

A key component of this application is the conversion of an existing 2,500 square foot single family residence into a winery hospitality center. The first phase of the project would include the conversion of the existing residence, upgrades to the structure to meet commercial building code requirements, raising the structure to move the floor level above the 100 year floodplain, and the addition of a commercial kitchen, tasting room, dining room, restrooms, and office and conference room space within the footprint of the existing structure. The second stage of the hospitality center project would include the addition of 3,733 square feet of new floor area to the structure, including a large additional tasting room, a central courtyard, a second story viewing deck, and catering and bottle storage space. A formal garden is also proposed just to the west of the hospitality center, in the location of an existing small (roughly 1/10th acre) vineyard. The design of the proposed hospitality building would match the existing Grgich Hills winery, with white stucco walls and barrel tile roofing.

All public and by-appointment tours and tasting visitation would remain within the existing Grgich Hills Estate winery building, none of those existing activities would be relocated into the new hospitality structure. The hospitality center would, instead, be used for the expanded marketing events proposed in this application (please see "New Marketing Events," below) and the existing "Invitation Only" marketing events as identified in the winery's U-90-3 approved marketing plan (two 100-person release parties, one 100-person auction event, one 400-person July 4th event, one 100-person Blessing of the Grapes event, one 400-person Anniversary Celebration, and one 50-person Employee Party.)

Storage Barn

The applicants are also requesting use permit approval to allow the conversion of an existing, approximately 1,800 square foot, agricultural storage barn located just southwest of the existing residence into a 5,000 square foot winery storage barn with a 1,325 square foot covered outdoor vineyard equipment work area. According to submitted materials, the conditioned barn would be used for barrel and casegoods storage, along with some incidental storage of winery equipment, glass, labels, and similar items. The storage building would have white stucco walls and a standing-seam metal roof.

Employment

Grgich Hills' existing use permit allows 20 full-time and 12 part-time employees, however, submitted application materials indicate that the winery now has 35 full-time and 12 part-time employees. This application would legalize the existing 35 plus 12 employee level and would add an additional 3 full time employees and 2 peak event temporary employees. The resulting on-site employment would total 38 full-time, 12 part-time, and up to 2 peak event employees. According to the submitted septic feasibility study (attached) up to 10 of these existing or additional employees would ultimately work in, or from, the proposed hospitality center.

Staff's primary concern with the increased employment proposed here relates to the additional peak-hour traffic which it could generate. To help address this issue, a mitigation measure has been drafted which obligates the winery to create an employee trip reduction program which incentivizes "employee carpooling and other forms of commuting to and from work that do not involve the use of single- occupancy vehicles" (project Subsequent Mitigated Negative Declaration, Mitigation Measure No. 13). An existing mitigation measure requiring that, "normal work hours for 30% of the subject winery's employees shall be scheduled to avoid travel to or from the winery during peak traffic periods" has also been revised to reflect the updated 4-6 pm weekday and 1-3 pm weekend peak traffic periods identified in the project traffic study (project Subsequent Mitigated Negative Declaration, Mitigation Measure No. 12). According to George Nickelson, the project traffic engineer, even when the project baseline is set at the 20 full time and 12 part time employees allowed under the current permit, the impacts of this application on cumulative traffic flows along Highway 29 will be less than significant.

New Marketing Events

As outlined in the applicant's proposed marketing plan, a number of new marketing events are proposed in this application. These new events would include:

- * Private Promotional Tastings with Meals (3 per week) - up to 75 people, with food catered or prepared on site in the hospitality center kitchen. Time of day: a 4 hour window between 11 am and 10 pm, scheduled not to create traffic between 4 pm and 6 pm on weekday or between 1 pm and 3 pm on weekends.
- * Small Private Tastings with Food Pairings (4 per week) - up to 30 people, with food catered or prepared on site in the hospitality center kitchen. Time of day: a 3 hour window between 11 am and 10 pm, scheduled not to create traffic between 4 pm and 6 pm on weekday or between 1 pm and 3 pm on weekends.
- * Private Tasting Events (15 per year) - up to 100 people, with food catered or prepared on site in the hospitality center kitchen. Time of day: a 4 hour window between 11 am and 10 pm, scheduled not to create traffic between 4 pm and 6 pm on weekday or between 1 pm and 3 pm on weekends.

As marketing events (both existing events and the newly proposed events listed above) must be scheduled to avoid the 4 pm to 6 pm weekday peak traffic period and the 1 pm to 3 pm weekend peak, traffic impacts on and along Highway 29 will be minimized. As analyzed in the submitted traffic study, project impacts on traffic would be less than significant.

Parking and Access

The proposed use permit modification includes 30 new parking spaces in the vicinity of the proposed hospitality

center and winery storage barn and the removal of approximately eight parking spaces adjacent to the existing winery building, resulting in a net increase of 22 spaces. In order to more flexibly use the somewhat limited number of parking spaces available on site (as noted above, a total of 59 spaces is proposed), the applicants are also requesting that an existing condition restricting certain parking spaces to visitors and certain spaces to employees be deleted in favor of multi-use spaces.

While the existing three acre residential property has driveway access off of both Highway 29 and the private road to the south, in order to avoid creating more entrances to the winery property (and thereby complicating traffic flow to and from the facility), the application proposes to place barriers blocking non-emergency access to the two existing driveways. Visitor access to the property would be solely from Grgich Hills Estate's current entrance off of Highway 29.

Phasing

The use permit modifications proposed here would occur in three distinct phases. The first phase would include construction of the winery storage barn. The second phase would include conversion of the existing house to a hospitality center, construction of new ADA-accessible parking spaces in the existing Grgich Hills parking lot, installation of the new wastewater treatment system, construction of the driveway connector, and construction of the proposed vehicle barrier at Highway 29. Phase three would include 3,733 square feet worth of additions to the hospitality center, construction of new parking areas near the storage barn and hospitality center, and installation of the vehicle barrier blocking access to the private driveway to the south.

Winery Road Setback Variance

As noted in the project description, above, the applicants are requesting a variance to allow construction of the hospitality center some 285 feet from Highway 29 (600 feet is required) and 250 feet from the southern private drive (where 300 feet is required) and construction of the winery storage barn 360 feet from Highway 29 and 110 feet from the private driveway. In both cases, existing buildings (or, in the case of the barn, existing building sites) are being reused and the new winery structures would largely maintain existing setbacks. While the envelopes of the two structures are proposed to be somewhat enlarged, the proposed conversion would largely maintain the existing character of the site. The entirety of the subject property is mapped as Prime Farmland, however, the agricultural potential of those portions of the property currently developed with structures is limited. By reusing those portions of the property for new winery structures and preserving vineyard land on prime Bale Loam and Bale Clay Loam soils, this application would preserve valuable farmland consistent with the County's adopted General Plan. Findings in support of the requested variance are attached at **Findings** and **Submitted Application**

Materials.

Changes to Previously Adopted Conditions and Mitigation Measures

In an attempt to clarify and streamline the adopted rules and regulations governing the Grgich Hills Estate winery, staff has compiled new, existing, and amended existing mitigation measures in a single Subsequent Mitigated Negative Declaration (attached). Previously adopted conditions have also been amended where they are no longer relevant or to reflect current conditions, policies, and now-standard winery condition language.

Consistency with Standards:

Zoning

The project is consistent with AP (Agricultural Preserve) zoning district regulations. A winery (as defined in Napa County Code § 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. This application complies with the Winery Definition Ordinance and, where variances and/or exceptions to the requirements of the Zoning Code are requested, required findings can be made.

Building Division Requirements

The Building Division recommends approval with standard conditions. Please see their December 14, 2008 note (attached).

Fire Department Requirements

The Fire Marshal recommends approval with standard conditions. Please see Assistant Fire Marshal's January 13, 2009 and July 9, 2009 memos (attached).

Public Works Department Requirements

The Department of Public Works recommends approval with standard conditions. Please see their memo (attached).

Environmental Management Department Requirements

The Department of Environmental Management recommends approval with standard conditions. Please see their July 20, 2009 memo (attached).

SUPPORTING DOCUMENTS

- A . Proposed Findings
- B . Proposed Conditions of Approval
- C . County Department Comments
- D . Project Revision Statement and Mitigation Monitoring Program
- E . Subsequent Mitigated Negative Declaration
- F . Voluntary Greenhouse Gas Reduction Checklist
- G . Submitted Application Materials
- H . Traffic Study, Caltrans Comments, Response to Comments, and Addendum
- I . Septic Feasibility Study
- J . Presentation Graphics

Napa County Planning Commission: Approve

Reviewed By: John McDowell