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Agenda Date: 10/3/2012

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Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission
FROM: Hillary Gitelman - Director
Planning, Building and Environmental Services
REPORT BY: Sean Trippi, Principal Planner - 299-1353
SUBJECT: Napa Pipe Project

RECOMMENDATION

NAPA PIPE PROJECT: PROPOSED GENERAL PLAN AMENDMENT AND ZONING ORDINANCE AMENDMENT ADDING CHAPTER 18.66 TO THE NAPA COUNTY CODE ENTITLED "NAPA PIPE ZONING DISTRICT," REZONING APN 046-412-005 AND A PORTION OF APN 046-400-030 TO THAT DISTRICT, AND SPECIFYING CONDITIONS OF APPROVAL FOR FUTURE DEVELOPMENT IN THE NAPA PIPE ZONING DISTRICT

CEQA Status: A Final Environmental Impact Report (EIR) has been prepared. Prior to adopting a resolution amending the County's General Plan and adopting an ordinance regarding the Napa Pipe Project, the Board of Supervisors is required to review and consider the Final EIR and to certify that the Final EIR has been prepared in compliance with the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and local procedures for implementing CEQA and that the Final EIR reflects the County's independent judgement and analysis.

Staff Recommendation: Conduct a public hearing and adopt resolutions (1) recommending that the Board of Supervisors certify the Final EIR; (2) recommending that the Board of Supervisors (a) make findings pursuant to CEQA, including adoption of overriding considerations and a mitigation monitoring program, (b) adopt a water supply assessment, and (c) adopt a General Plan Amendment affecting 135 acres of the Napa Pipe site (all of Assessor's Parcel Number (APN) 046-412-005 and all but 19 acres of APN 046-400-030); and (3) recommending that the Board of Supervisors adopt an ordinance rezoning 79 acres of the Napa Pipe site (all of APN 046-412-005 and 16 acres of APN 046-400-030) to a Napa Pipe-specific district, adding a new chapter to the zoning code pertaining to development in that district, and specifying conditions of approval for future development in that district.

Staff Contact: Hillary Gitelman, Director of Planning, Building and Environmental Services at 253-4805
hillary.gitelman@countyofnapa.org or Sean Trippi, Principal Planner at 299-1353 sean.trippi@countyofnapa.org.

EXECUTIVE SUMMARY

After the Planning Commission made its recommendations regarding the Napa Pipe project on May 2, 2012, the project applicant submitted a modified proposal and requested re-hearing by the Planning Commission before consideration by the Board of Supervisors. Thus the Planning Commission is being asked to conduct a new public hearing, rescind their earlier recommendations, and make new recommendations to the Board of Supervisors related to the modified project proposal.

The proposal includes revised General Plan and zoning ordinance amendments, and would facilitate development of a mixed use neighborhood on the 63 acre portion of the site between the Napa River and the railroad tracks and development of a 154,000 gross square foot (gsf) Costco store on 16 acres of the 91 acre parcel east of the railroad tracks. The riverfront neighborhood would include 700-945 dwelling units, 40,000 gsf of neighborhood serving retail/restaurant, 10,000 gsf of office space, a 150 suite hotel, a 150 unit senior assisted living facility, community facilities, a riverfront trail and other publically accessible open spaces, and privately-owned roads and infrastructure. The 91 acre parcel east of the railroad tracks would include the 16 acres rezoned for Costco, a 10 acre school site, open spaces and infrastructure, and the potential for 90,000 gsf of office space, and 75,000 gsf of warehouse/R&D uses.

The Commission is being asked to review and consider the Final EIR prepared for the project as well as oral and written comments from interested parties and written materials prepared by County staff and technical consultants, including this staff report and the following:

1. A Supplemental Environmental Assessment dated September 19, 2012 comparing impacts of the modified proposal to the impacts described in the Final EIR and concluding that no further environmental review is required;
2. A matrix comparing the modified proposal to the proposal analyzed in the Final EIR and to the Housing Element Alternative;
3. A draft resolution recommending that the Board of Supervisors certify the Final EIR;
4. A draft resolution recommending that the Board of Supervisors (a) adopt CEQA findings including overriding considerations and a mitigation monitoring and reporting program; (b) adopt a water supply assessment; and (c) adopt a General Plan amendment re-designating 135 acres of the site from "Study Area" to "Napa Pipe Mixed Use," perpetuating the County's policy regarding the use of groundwater, perpetuating the County's growth management system (annual permit limit), and specifying the uses and intensities allowed in the Napa Pipe Mixed Use designation;
5. A draft resolution recommending that the Board of Supervisors adopt an ordinance (a) amending Napa County Code to include a new chapter with zoning regulations to guide development on 79-acres of the Napa Pipe site; (b) rezoning the 79 acres from "Industrial:Airport Compatibility" to "Napa Pipe: Airport Compatibility;" and (c) adopting conditions for future development on the Napa Pipe site.

All of these materials are attached to this agenda item and are available on the County's website together with the Final EIR, which contains the 2009 Draft EIR and Supplement to the 2009 Draft EIR, comments received on both documents, responses to those comments, necessary changes to the text and analysis of both documents, and technical appendices including the water Supply Assessment.

Staff is not recommending consideration of the applicant's request for project-specific entitlements (e.g. tentative subdivision map, development plan, design guidelines) until after a decision is made regarding the General Plan and zoning designation for the site.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: A Final Environmental Impact Report (EIR) has been prepared. Prior to adopting a resolution amending the County's General Plan and adopting an ordinance regarding the Napa Pipe Project, the Board of Supervisors is required to review and consider the Final EIR and to certify that the Final EIR has been prepared in compliance with the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and local procedures for implementing CEQA and that the Final EIR reflects the County's independent judgment and analysis.

BACKGROUND AND DISCUSSION

The Napa Pipe site is approximately 154 acres and is located at 1025 Kaiser Road in unincorporated Napa County. The site is adjacent to the City of Napa, and outside the Rural Urban Limit line. All but a small fraction of the site is also outside the City's Sphere of Influence. Bisected north-south by a railroad track, the site includes APN 046-412-005 west of the track and APN 046-400-030 east of the track. APN 046-412-005 fronts on the Napa River and consists of approximately 63 acres. APN 046-400-030 abuts the City of Napa's business park to the east and consists of approximately 91 acres. Further information about the site and surrounding uses can be found in the Final EIR.

Chronology of the Planning Process

In March 2007, the Napa County Board of Supervisors received an initial application from Napa Redevelopment Partners for a General Plan amendment related to development of 3,200 dwelling units and a mix of other uses on the 154-acre Napa Pipe site at 1025 Kaiser Road in unincorporated Napa County. On June 5, 2007, the Board of Supervisors authorized County staff to process the developer's application at the developer's expense, with no guarantee as to the outcome.

The City of Napa objected to the County's decision and the City and the County agreed to a "study group" process to jointly analyze three threshold issues: water supply, traffic, and fiscal impacts. The studies were funded by the developer and final reports were issued December 8, 2008 and provided to the Board of Supervisors and the City Council. At the same time, City staff summarized their continuing concerns about the project in a separate document called "Summary of Due Diligence Findings for Joint City/County Housing Solution" dated December 10, 2008.

Subsequent to the City-County study group process, Napa Redevelopment Partners amended their application with the County to propose 2,580 dwelling units rather than 3,200 and to reserve 19-acres of the site for possible future uses. Napa Redevelopment Partners also submitted the additional applications necessary to seek approval of a new neighborhood with a combination of residential, neighborhood-serving retail, light industrial/R&D/warehousing and office space as well as a hotel. These uses were proposed around new streets and public open spaces as shown on the project site plan.

County staff issued a Notice of Preparation, formally beginning preparation of a Draft Environmental Impact Report (EIR), in January 2009. At that time, the Board of Supervisors requested that County staff and the Planning Commission gather public input on the proposal and ultimately formulate a recommendation for the Board's

consideration.

To gather this input, the Commission held a series of five public workshops:

- March 18, 2009 What Makes a Successful Neighborhood?
- April 22, 2009 Neighborhood Character & Design
- May 20, 2009 Public Open Space & the Napa River
- June 24, 2009 Traffic Impacts & Mitigation Measures
- July 15, 2009 Sustainability in Neighborhood Design

Each workshop focused on a different topic, and involved a presentation relevant to the proposal and an opportunity for those in attendance to provide their input or ask questions of subject matter experts in attendance. At some of the workshops, County staff and consultants were able to share preliminary data and analysis as it was being developed for inclusion in the Draft EIR.

In a separate action on June 23, 2009 (Resolution No. 09-88), the Board of Supervisors certified the Housing Element EIR and adopted a General Plan amendment updating the Housing Element to identify the Napa Pipe site as a location for multifamily housing, and adopting the following program:

- *By June 2011, the County will rezone 20 acres of the Napa Pipe property to allow housing development at a minimum density of 20 dwelling units per acre for 304 dwelling units with associated public open space and neighborhood serving retail. The new zoning designation will allow between 152 and 202 owner-occupied or rental dwelling units by right (i.e., without a use permit or other discretionary approval except subdivision approval if required), consistent with development standards that will be established as part of the new zoning, and that will incorporate mitigation measures identified in the 2009 Housing Element Update programmatic environmental impact report that are adopted to address potential impacts of the proposed rezoning and development. (Housing Element Program H-4e)*

The Housing Element identified this proposal as the likely first phase of a larger development, and the County must rezone at least 20 acres of the Napa Pipe property, allowing at least 304 units (202 of them by right) to fulfill its Housing Element commitment.

On October 23, 2009, the County released the Draft EIR for the Napa Pipe project for agency and public review. The Draft EIR concluded that the project would have seven significant and unavoidable impacts related to (1) development in excess of regional projections; (2) traffic congestion at First/Soscol; (3) contributions to cumulative traffic throughout the area; (4) conflicts with the 2009 Clean Air Plan; (5) Air pollutant emissions in excess of significance standards; (6) contributions to cumulative greenhouse gas emissions; and (7) adverse changes to Basalt Shipyard facilities, a significant historical resource. The Draft EIR also analyzed a number of alternatives to the developer's proposal, including a no project alternative that would build-out the site as an industrial park under its current zoning and General Plan land use designation. The Mid-Range Density Alternative, with 2,050 dwelling units, was identified as the environmentally superior alternative because it would reduce the severity of some impacts, although it would not eliminate any of the significant and unavoidable environmental impacts.

The comment period on the Draft EIR was extended to end on February 5, 2010. During that time, the County received comment letters and emails, and also received oral testimony at several public hearings. Many commenters requested project changes and additional analysis. Other commenters were supportive of the proposal. A number of the critical comments focused on the potential for school system impacts, the proposal to rely on groundwater, and to the onsite treatment and disposal of wastewater to the Napa River.

In response to the comments, the developer modified its project proposal to eliminate the possibility for on-site

disposal of wastewater to the Napa River, to include the possible school site across Kaiser Road from the project, and to include the possible use of surface water from Mill Creek, a tributary of the Sacramento River in Tehama County. These project changes were analyzed in a Supplement to the 2009 Draft EIR ("Supplement"). The Supplement also included additional information on site remediation and on air quality. The County circulated the Supplement for public review and comments from February 14, 2011 to May 2, 2011. During that time, the County received additional comment letters and emails, and also received oral testimony at two public hearings. Several additional comment letters were received just after the close of the comment period.

Among other actions taken in response to the comments, the developer collaborated on and provided funding for an analysis of wastewater collection, wastewater treatment, and recycled water with staff and consultants of the Napa Sanitation District (NSD). To facilitate that study and recognize the unit factors generally used by NSD, the developer modified its proposal to include 2,050 rather than 2,580 dwelling units.

On February 3, 2012, the County published a Final EIR and provided copies to all those who had provided comments on the Draft EIR and the Supplement. The Final EIR consists of the Draft EIR, plus the Supplement to the Draft EIR, comments and responses to comments, as well as a list of text changes to the Draft and the Supplement. An introduction to the Final EIR explains that the developer's current proposal for 2,050 dwelling units and a mix of other uses resembles the "Moderate Density Alternative" analyzed in the Final EIR, and has been identified as the "environmentally superior" alternative.

Following release of the Final EIR, County planning staff prepared a report recommending a new and smaller alternative with up to 700 residential units (945 units with the maximum density bonus authorized by State law) on the westerly, 63-acre parcel of the site. The staff recommendation was developed to reflect the economic downturn that has occurred since the developer's proposal was accepted for processing in 2007. As a result of the downturn, there are extensive industrial/commercial vacancies, housing prices have fallen, housing demand has fallen, unemployment is up, and both industrial/commercial and residential building activity has slowed. As a consequence of this and the state mandate to concentrate urban development in urban areas (SB 375), the County expects to receive a substantially smaller Regional Housing Needs Allocation (RHNA) than in the past. (For more information, see the discussion of County objectives, below.) In addition, the City of Napa has completed its downtown specific plan, and is articulating a vision for the future of downtown Napa that will include over 600 new dwelling units.

The new alternative recommended by staff was analyzed in the February 10, 2012 Supplemental Environmental Analysis (SEA) and was found to be adequately addressed by the the Final EIR. Together with the Developer's proposal, the staff recommendation was presented to the Planning Commission for their consideration at a public hearing commencing on February 21, 2012. Over the course of four dates, the Commission received public testimony and completed their deliberations, ultimately recommending that the Board certify the Final EIR, adopt CEQA findings, adopt a Water Supply Assessment, adopt a General Plan amendment, and a zoning ordinance slightly modifying staff's recommendations. Specifically, on May 2, 2012, the Commission (by a three to two vote) recommended:

- Rezoning the waterfront (63-acre) parcel to permit 700-945 dwelling units and a mix of other uses;
- Retaining the industrial zoning on the inland (91 acre) parcel and allowing it to build-out with 550,000 gsf of business park uses;
- Amending the General Plan to redesignate the site from "Study Area" to "Napa Pipe Mixed Use," and allowing uses and intensities consistent with the new zoning (on the 63 acre parcel) and the existing zoning (on the 91 acre parcel);
- Retaining language in the General Plan such that groundwater can only be used in a "conjunctive use" arrangement with surface water as the primary source of water; and
- Retaining language in the General Plan such that development would be subject to the County's Growth Management System (annual residential building permit limit).

Subsequent to the Commission's action, the project applicant amended the proposal and requested a rehearing at the Planning Commission before the Commission's recommendations were forwarded to the Board of Supervisors. Specifically, the applicant is now proposing a modified project that is similar to the staff recommendation embraced by the Commission, but with the addition of a Costco on the inland (91 acre) parcel and a number of other adjustments, as described further below.

Project Objectives

When the Board of Supervisors authorized staff to begin processing the Napa Pipe developer's application for a General Plan amendment in June 2007, it acknowledged that the proposal would provide additional housing opportunities on land currently designated for heavy industrial uses, with 20% of the units available to affordable households, and that the proposed development would also reduce pressures to provide housing on agricultural lands and add land to the County's diminishing stock of business park and light industrial properties. These observations were expanded to articulate a set of County objectives (the applicant's objectives are also included) in the Draft EIR as follows:

- Address a significant portion of the County's State-mandated RHNA requirements for three housing cycles.
- Provide a location for moderate-priced and affordable housing that is protective of agriculture and of existing neighborhoods.
- Provide a location for a variety of housing types where sufficient densities can support transit services and development of pedestrian and bicycle facilities.
- Make sure that the pace of growth is measured, and that potentially significant environmental impacts are mitigated to the maximum extent feasible.
- Facilitate remediation of an underutilized industrial site, addressing soil contamination, improving water quality, and restoring wetlands. Ensure significant ongoing public benefits from site re-use, including river-front access, regional trail connections, and publicly accessible open space.
- Ensure short- and long-term fiscal benefits for the County and the City of Napa.
- Enable a healthy, "walkable" neighborhood, with a focus on energy and water conservation, reducing green house gas emissions, and alternatives to the private automobile.

Several of the County's and the applicant's objectives derive from the need for housing in the County that is affordable to very low, low, and moderate income households, and the significant challenges that the County has faced in identifying multi-family housing sites in accordance with State housing requirements since before 2002. The State of California requires local agencies to include housing elements in their General Plans meeting certain statutory requirements, and requires housing elements to be updated on a set schedule and submitted to the State Department of Housing and Community Development (HCD) for review. The State Attorney General or private individuals may sue agencies for not complying with housing element provisions in State law and, if a court agrees that the housing element is inadequate, it may award the plaintiffs attorney's fees, prevent agencies from issuing planning and building permits until the matter is resolved, and mandate approval of residential developments. (Napa County was sued by private individuals in 2002-2003 and again in 2009-2011.)

One of the statutory requirements that housing elements must meet is to identify and zone development sites for multifamily housing sufficient to accommodate the jurisdiction's RHNA. The RHNA for each 7-8 year housing element cycle is assigned to individual cities and counties in our region by the Association of Bay Area Governments (ABAG), which receives a lump sum from HCD and is responsible for allocating it between member jurisdictions unless local agencies collectively form a "subregion" to undertake their own allocation. ABAG's methodology is generally adjusted in each housing cycle, and starting with the current 2007-2014 housing cycle, must take into account "factors" such as the absence of municipal sewer and water service, the amount of protected open space and policies protecting agricultural lands (CGC Section 65584.04(d)).

In past housing cycles, unincorporated Napa County's RHNA allocation has approached 2,000 units. In the current housing cycle, the County's RHNA was reduced to 651 units, and was further adjusted by transferring 82 units to the City of Napa pursuant to an agreement reached at the time the City adopted the Soscol Redevelopment Plan. As indicated earlier, the County's current, adopted housing element contains a program that commits the County to rezone at least 20 acres of the Napa Pipe site for 304 units of multifamily housing at 20 du/acre. If the county fails to accomplish this rezoning, the 304 units may be added to the County's RHNA allocation in the next cycle (CGC Section 65584.09). State law requires the County to approve residential development on sites and at the density designated in the Housing Element or find alternative sites. (CGC Sections 65589.5 and 65863.)

In the upcoming housing cycle for the years 2014 through 2022, the County and other local jurisdictions have elected to form a "subregion" and will receive a lump sum allocation from ABAG for internal distribution. Also, as indicated earlier, the County-wide allocation from ABAG is expected to be lower than in the past due to the effectiveness of SB 375 and requirements related to preparation of a Sustainable Communities Strategy for the Bay Region. (On July 25, 2012, ABAG released a draft allocation for the region that would result in 180 units for unincorporated Napa County, and 1,482 for the County as a whole.)

No matter what the County's housing allocation is/will be, the County generally has more than enough adequate sites available to meet the need for 'above moderate' housing because of the number of individual lots available for development in the County that can accommodate a single family home. The County can also meet some of its moderate-income need through the provisions of second units, although the Board of Supervisors has acknowledged the desire for more moderate income units (particularly "work force" or "work proximity" housing), and that there is a need for housing that meets the need for very low and low income housing. The income categories are defined as follows:

Family of 4 in a 3 Bedroom Home			
<u>Income Level</u>	<u>% of Area Median</u>	<u>Maximum Home Price</u>	<u>Maximum Rent</u>
Very Low Income	Less than 50%	\$145,000	\$1,119
Low Income	50-80%	\$215,000	\$1,421
Moderate Income	80-120%	\$300,000	\$2,032
Above Moderate	More than 120%	N/A (\$400,000 for Workforce Housing)	N/A

Source: Home price & rent data from Napa County Housing & Intergovernmental Affairs, March 2011

Developer's Modified Proposal

The Developer is now proposing a modified version of the zoning ordinance and General Plan recommended for adoption by the Planning Commission on May 2, 2012. The modifications are noted in the list below:

Rezoning of the 63 Acre waterfront parcel to accommodate:

- 700 dwelling units (945 with a State-required density bonus) with an average size of 1,200 square feet; [No Change]
- One 150-unit continuing care retirement complex accommodating 225 seniors; [No Change]
- 10,000 square feet of office space; [Reduced from 100,000 gsf of office space]
- 40,000 square feet of neighborhood serving retail and restaurant uses; [No Change]
- One 150 room hotel with associated uses, such as meeting space and spa; [No Change]
- 15,600 square feet of community facilities such as a transit center, interpretive nature center, boat house, public safety building, café/visitor pavilion and drydock theater; [No Change]
- Public open spaces, restored wetlands and a river-front trail (which would connect to Kennedy Park if the adjacent property owner provides an access easement); and [Some additional open space has been added in lieu of office space]
- New roads, sidewalks, and other infrastructure.

Modifications to the 91 Acre Inland Parcel as follows:

- Rezoning 16 acres to accommodate a 154,000 gsf Costco store [New proposal]
- Offering the school district a 10 acre school site on the northeast corner of the site [in lieu of the previous site across Kaiser Road]
- Including additional open space in the form of a 5 acre "urban farm" [New proposal]
- Limiting the amount of additional non-residential development to 90,000 gsf of office use and 75,000 gsf of warehouse/R&D use [Modified from the earlier total of 550,000 gsf due to the addition of a Costco]
- The addition of a roundabout or signal at Corporate Drive and Anselmo Way, the southern entrance to the site.

The zoning ordinance would also require cleanup of the entire 154-acre Napa Pipe site and grading to raise the elevation of developed areas and access roads out of the flood plain. The ordinance would require vehicular access from Anselmo Court as well as Kaiser Road, and construction of open space along the east side of the railroad track on the 91-acre parcel. According to the County's inclusionary and density bonus ordinances, at least 17% of the units would have to be deed restricted as affordable, although a density bonus could be obtained if the applicant provides more affordable units and/or greater levels of affordability than required. The applicant has expressed his intent to make at least 20% of the units affordable to low- and very low-income households and to institute a "preference period" for members of the local workforce. Neither of these things are required by the proposed zoning ordinance, but they could be part of a future development agreement.

Consistent with the Planning Commission's earlier recommendation, the Developer's modified General Plan amendment proposal would *not* exempt the project from the County's Growth Management System (annual permit limit) and would *not* allow groundwater to be used as the primary source of potable water. Instead, the developer is seeking to purchase water from the City of Napa and has agreed that groundwater can only be used in a "conjunctive use" arrangement with surface water supplies, consistent with longstanding County policy. Consistent with the Planning Commission's earlier recommendation, the Developer's modified General Plan amendment would redesignate all but 19 acres on the south end of the site from "Study Area" to "Napa Pipe Mixed Use," signalling that further rezoning of the 91 acre parcel could be considered in the future if development on the 63-acre parcel proves successful.

According to the Water Supply Assessment that the Commission also recommended for adoption, a mutual water company or investor owned utility would serve the site and could either purchase surface water from the City of Napa or use water transferred from Mill Creek, a tributary of the Sacramento River. The City's Urban Water Management Plan indicates that it has sufficient water to serve the site except in single dry years. If the mutual water company or investor owned utility at Napa Pipe purchased water from the City of Napa, the company/utility would rely on groundwater during those single dry years. Purchasing City water would require City

approval, and could benefit existing City water customers by providing the City with access to treated groundwater in emergencies. Also, the mutual water company or investor owned utility would pay out-of-city rates for the water. Using transferred water from Mill Creek would require approval from the Department of Water Resources and willing participation of the Napa County Flood Control District and either the City of American Canyon or the City of Napa (due to capacity constraints in the North Bay Aqueduct).

Other Alternatives: the Developer's Proposal & the Housing Element Alternative

The Planning Commission reviewed information about three alternatives when they made their earlier recommendation: the staff recommendation (which the Commission modified slightly and recommended to the Board), the proposal evaluated in the Final EIR (the "Moderate Density Alternative" with 2,050 dwelling units), and the Housing Element alternative. The Commission also heard testimony and discussed an alternative that would leave the site in industrial use, but this alternative would not address the project objectives identified above or meet the County's Housing Element commitment. The proposal analyzed in the Final EIR and the Housing Element alternative are compared to the developer's modified proposal in the attached at-a-glance comparison and the expanded matrix of alternatives.

The proposal analyzed in the Final EIR differs from the developer's modified proposal by proposing to rezone both the 63 acre parcel and the 91 acre parcel, save for a 19 acre "reserve" area that could be considered for reuse in the future. 1,519-2,050 dwelling units would be permitted on 135 acres, rather than the 700-945 units on 63 acres, and 190,000 square feet of non-residential space would be permitted rather than 50,000 square feet plus 165,000 square feet and a 154,000 square foot Costco on the 91 acre parcel. The proposal analyzed in the Final EIR would include grading to raise the site out the flood plain, would include a pedestrian/bike bridge to Kennedy Park, and would offer a 10-acre elementary school site across Kaiser Road to the school district. Potable water would come from groundwater or from Mill Creek, with groundwater as a back-up source.

The Housing Element alternative would rezone approximately 20 acres for residential use at the northeast corner of the site, which is the area that requires "no further action" according to environmental regulators (i.e. no further clean up of soil and groundwater contamination). The balance of the site would retain its industrial zoning, and it is assumed that it would ultimately build-out with up to 2 million square feet of business park uses. The residential portion of the site would accommodate 304-410 dwelling units, along with some neighborhood-serving retail uses and open space. The City of Napa has offered to work with the County to provide services.

Requested Actions

Given the level of controversy associated with the Napa Pipe project, Planning staff elected to bring the Planning Commission and the Board of Supervisors a subset of requested approval actions for their consideration. Specifically, the Commission and the Board are being asked to consider a proposed General Plan amendment and zoning ordinance, but not to consider project-specific entitlements such as a subdivision map, development plan, development agreement, and design guidelines. This approach allows County decision makers to focus on and establish the policies and regulations that will guide development at the site, before debating detailed development plans, which could vary widely depending on the policies and regulations that are enacted.

Once a General Plan amendment and zoning ordinance is in place, the applicant (as well as other, future applicants) can apply for project entitlements as laid out in the adopted zoning ordinance. With the zoning ordinance currently before the Planning Commission, the required entitlements would include design guidelines, a development plan, and could also include a development agreement in addition to Subdivision Map Act compliance and other actions. Only the 202 dwelling units permitted "by right," as well as a number of small uses allowed in many zoning districts, would be permitted without a use permit or a development plan approval. However, even these uses could not proceed until design guidelines are adopted, since the guidelines are expected to work in tandem with the zoning regulations, providing development standards for the site.

Some of the commenters who addressed the Planning Commission cautioned against the "marketing" materials provided by the applicant, suggesting that these may not come to pass if the requested General Plan and zoning ordinance are adopted. In one sense this caution is correct -- there is no guarantee that development will proceed exactly as envisioned -- however in another sense these comments inappropriately discount the importance of the General Plan and zoning ordinance. The General Plan and the zoning ordinance are foundational documents for land use and development, and together they articulate a vision for the Napa Pipe site that can only be strengthened by future project-specific entitlements.

Public/Agency Input

The County has received considerable input from other public agencies, organizations, and individuals throughout the planning process, both in favor of and in opposition to the project. Most notably, the City of Napa has objected to the proposal from its inception, characterizing the proposal as "fringe" development or "sprawl," and asserting that the project would have impacts on City residents and services. At times during the process, City representatives have stated that the County's housing obligations can be met within the City limits, and have suggested that the Napa Pipe site would be better suited for light industrial uses. The Farm Bureau, Friends of the River, and Sierra Club are among the groups opposing the project and the Greenbelt Alliance and housing advocates are among those supporting the project. The Planning Commission heard literally hours of testimony from these and other perspectives earlier this year.

To address critical comments raised during the planning process, the developer has modified the size of the project (from 3,200 to 2,580 to 2,050 and now to 700-945 dwelling units) and altered certain critical components to address concerns (e.g. eliminating on-site discharges of treated waste water, and offering to consider surface water rather than groundwater as the primary source of potable water). Going even further, the developer's modified proposal -- based on the Planning Commission's May 2, 2012 recommendation -- strikes a balance between achieving the benefits of the project and addressing community concerns. The recommendation would result in a smaller mixed-use neighborhood with fewer dwelling units but all of the same cleanup, infrastructure, and open space amenities originally proposed by the developer, and would also preserve some industrially-zoned land. As mentioned earlier, the modified proposal would also ensure that groundwater is only used in a "conjunctive use" arrangement consistent with County policy, and that development proceeds gradually, in conformance with the County's Growth Management System (annual permit limit).

Principal arguments in opposition to the project are summarized below, with an explanation as to how the argument is/is not addressed by the Planning Commission's recommendation:

- Some opponents have simply stated that the project is too big. It is true that the Napa Pipe site is large -- it's 154 acres -- and will therefore accommodate a lot of housing, non-residential development, or a mix of both uses. The Planning Commission's May 2, 2012 recommendation and the developer's modified proposal would create a new neighborhood along the Napa Riverfront with 700-945 dwelling units -- less than half the size of the one originally proposed --- and would retain industrial zoning on most of the eastern parcel adjacent to the City's business park.
- Some opponents have focused on potential traffic impacts as a reason to reject the project. These comments fail to recognize that the 154-acre Napa Pipe site is mostly vacant and cannot be expected to remain that way. It will either build-out under its current, industrial zoning, or it will be rezoned and built-out with a mix of uses. The County's traffic analysis indicates that either way, traffic will get worse, partly because there's so much development expected elsewhere in the vicinity and the region. However, the mixed-use approach to development of the Napa Pipe site has been shown to generate less rush hour traffic than allowing the site to build-out as a business park under its current zoning. In addition, the developer can be required to contribute "fair share" payments towards regional improvements like the Soscol Flyover.
- Some opponents have used emotional terms such as "sprawl" and stated that the project should be built

within the City boundaries. The Napa Pipe site is outside the City's Rural Urban Limit (RUL), yet it lies within an area of the unincorporated County that has been "urbanized" for more than 60 years. The site cannot be annexed to the City unless voters approve a change to the RUL and unless annexation to the SOI and the City is approved by the Local Agency Formation Commission (LAFCO). The term "sprawl" generally refers to the character of development, not to its location. Thus it's possible to have "sprawl" within the City limits, and it's also possible to create a dense, walkable neighborhood -- the antithesis of "sprawl" -- outside the City limits.

- Some opponents have alleged that there would be unacceptable fiscal impacts on the City and the school district. The fiscal analysis prepared for the County demonstrates that the Planning Commission's recommendation will have positive fiscal impacts on the County (i.e. it will generate more revenue than the cost of services). The County can choose to share these revenues with the City in exchange for services and/or to meet its project objectives. Development on the project site is expected to generate \$4.5 million in school fees over time, and residents are expected to include just over 400 school age children.
- Some opponents have focused on the issue of groundwater, stating that groundwater should be reserved for agriculture, and that the project should use surface water not groundwater. The Planning Commission agreed with this sentiment in May 2012 and required that groundwater only be used in a "conjunctive use" arrangement -- essentially as a back-up source, with surface water as the primary water source. This is consistent with the County's policy to prioritize groundwater for use by agriculture and rural residential uses.
- Some opponents have argued that the Napa Pipe site should be reserved for industrial uses. The study of industrial lands completed prior to the County's General Plan Update and the recession suggested that the County could run out of industrially-zoned land by 2030, resulting in development pressures to increase the productivity or density of already developed City and County business parks. When the County's fiscal consultants recently reexamined this issue in light of changing market conditions, they estimated that the County has enough industrially-zoned land (including the 154-acre Napa Pipe site) to last for 68 years. Thus the Planning Commission's May 2, 2012 recommendation and the developer's modified proposal would not have significant impacts related to the availability of industrial land. The recommendation would also allow residential and open space uses, rather than industrial uses, along this stretch of the Napa River.
- Some opponents have focused on governance issues, suggesting that the project would create a "new town" or would have problems similar to other special districts. The Commission's May 2, 2012 recommendation and the developer's modified proposal would result in a new neighborhood, not a new town, and would be served by the County Sheriff and County Fire. A mutual water company or investor owned utility would provide potable water, and Napa Sanitation District would provide recycled water and sewer service. A community financing district (CFD) or other entity would be established to help fund improvements, and a Homeowners Association would also be established. The Silverado Country Club is an example of a similar, successful neighborhood in unincorporated Napa County.

Principal arguments in favor of the project include the County's need for affordable and moderate-priced housing and the proposal for public parks and open spaces along a section of the Napa River that has long been closed to the public. In addition, allowing housing at the site would reduce pressures on agricultural land and existing residential neighborhoods, and project mitigation would help address impacts that will occur with or without the project.

Next Steps

Pursuant to California Government Code Sections 65354 and 65854-55, the Planning Commission is required to make a recommendation to the legislative body, in this case, the Board of Supervisors. The General Plan amendment and zoning ordinance recommended by the Planning Commission may be approved, modified, or disapproved by the Board of Supervisors, however any substantial modification not previously considered by the Commission during its hearings must first be referred back to the Planning Commission for its recommendation.

The Planning Commission would then have 40 days, or a longer period established by the Board of Supervisors, to report back to the Board with a recommendation.

Should the Board of Supervisors approve a General Plan and zoning ordinance providing for a new mix of uses on the Napa Pipe site, the property owner/developer would then have to revise their proposed design guidelines, development plan, and other pending applications to reflect the Board's decision prior to re-submitting these to the County for review. Terms of a development agreement could also be negotiated, detailing things like the amount of affordable housing and its production schedule, efforts to give housing "preferences" to members of the local workforce, the phasing of infrastructure and development, etc., etc.

Design guidelines are proposed to act in tandem with the zoning ordinance to provide development standards similar to a "form based code" and must be adopted by the County before anything can be built on the site, including the 202 "by right" housing units. Development beyond the 202 "by right" units can only proceed once a Development Plan is approved.

SUPPORTING DOCUMENTS

- A . At-A-Glance Comparison of Alternatives
- B . Alternatives Matrix Updated Sept. 19, 2012
- C . Supplemental Environmental Assessment (SEA) Sept. 19, 2012
- D . Proposed General Plan Amendment - Developer's Revised Proposal
- E . Proposed Zoning Ordinance - Developer's Revised Proposal
- F . Resolution Recommending EIR Certification
- G . Resolution Recommending CEQA Findings, General Plan Amendment
- H . Draft BOS Resolution - CEQA Findings & Conforming GPA
- I . Draft Mitigation Monitoring & Reporting Program
- J . Resolution Recommending Zoning Ordinance Adoption
- K . Correspondence

Napa County Planning Commission: Approve

Reviewed By: Melissa Gray