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Agenda Date: 11/15/2017  
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Continued From: 10/18/17 & 11/1/17

## Napa County Planning Commission Board Agenda Letter

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**TO:** Napa County Planning Commission

**FROM:** Charlene Gallina for David Morrison - Director  
Planning, Building and Environmental Services

**REPORT BY:** Dana Ayers, Planner III - (707) 253-4388

**SUBJECT:** Regusci Winery, Use Permit Major Modification P16-00307 and Exception to Road and Street Standards

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### RECOMMENDATION

#### **REGUSCI SIMONE RANCH LIMITED PARTNERSHIP / REGUSCI WINERY / USE PERMIT MAJOR MODIFICATION APPLICATION #P16-00307-MOD AND REQUEST FOR EXCEPTION TO ROAD & STREET STANDARDS**

**CEQA Status:** Consideration and possible adoption of a Negative Declaration. According to the proposed Negative Declaration, the proposed project would not have any potentially significant environmental impacts. The project site is not included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5.

**Request:** Approval of a request to modify a previously-approved Use Permit (95550-UP) for the existing Regusci Winery, to include all of the following: a) winery expansion and an increase in permitted annual wine production from 25,000 to 50,000 gallons per year; b) deletion of a condition of approval of 95550-UP that allows one custom production operation utilizing 5,000 gallons of the production capacity and no more than 20 percent of the winery's storage area; c) an increase in visitation from 10 to 400 visitors to the winery per week, with no more than 150 guests on any day; d) addition of opportunities for visitors to consume wine purchased on-site (Business and Professions Code Sections 23358, 23390 and 23396.5), in four locations proximate to the winery buildings and a proposed recycled water storage pond; e) addition of a marketing program that includes food and wine pairings (one per day, up to four days per week) for up to 12 guests per day, plus 10 events annually for up to 50 guests, five events annually for up to 150 guests and one event annually for up to 200 guests, with some events to occur outdoors, in the four locations for which on-site wine consumption is requested; f) an increase in employment from one full-time to 16 full-time and part-time staff members; g) recognition of 2,330 square feet of administrative employee areas inside of an existing building, labeled as Building C on the use permit plans, that was not approved under prior use permit; h) recognition of approximately 730 square feet of food preparation space inside of Building C, which area was not approved under prior use permit; i) approval of a public water system; j) recognition of 17 on-site, employee and visitor vehicle parking spaces where the prior use permit authorized 10; k) replacement of four, 10,000-gallon aboveground tanks with one 15-foot tall steel tank for storage of between 65,000 and 100,000 gallons of water for fire suppression purposes; l) grading and excavation on a portion of an

approximately 0.6-acre area northwest of the winery buildings, for purposes of installing a pond for storage of one acre-foot of recycled water for vineyard irrigation; m) installation of various other changes to utilities and facilities on-site, including installation of a fire hydrant, a pond infiltration and pumping system, a Lyve wastewater treatment system with related aboveground equipment and tanks, and directional traffic markings and signage on the existing paved access road to inform drivers of one-way traffic movements. The project includes widening of the winery's private access road from Silverado Trail to 20 feet of asphalt-paved width. The project also includes a request for an exception to Napa County Road and Street Standards (RSS) to remove the requirement for a two-foot wide gravel shoulder where the road abuts an existing walnut tree.

The Regusci Winery operates on 162.6-acre parcel located at 5584 Silverado Trail, Napa (Assessor's Parcel No. 039-030-023), on the east side of Silverado Trail and approximately two miles east of the town of Yountville. The property has General Plan land use designations of Agricultural Resource (AR) and Agriculture, Watershed and Open Space (AWOS), and is zoned AP (Agricultural Preserve) and AW (Agricultural Watershed) Districts.

**Options for Planning Commission Action:**

Option 1: Adopt the Negative Declaration and approve the Use Permit Modification in its entirety, as requested by the Applicant based on the findings in Attachment A and as conditioned in Attachment B.

Option 2: Adopt the Negative Declaration and approved reduced visitation compared to the applicant's requested Use Permit Modification, pursuant to Commission direction and based on modified findings in Attachment A and modified conditions as contained in Attachment B.

Option 3: Deny the requested Use Permit based on findings provided by the Planning Commission. This action would require that the winery operate at its currently approved levels.

**Staff Contact:** Dana Ayers, Project Planner, (707) 253-4388 or [dana.ayers@countyofnapa.org](mailto:dana.ayers@countyofnapa.org)

**Applicant Contact:** George Monteverdi, Monteverdi Consulting, (707) 761-2516 or [george@monteverdiconsulting.com](mailto:george@monteverdiconsulting.com)

**CONTINUED FROM OCTOBER 18, 2017, & NOVEMBER 1, 2017 REGULAR MEETINGS**

**EXECUTIVE SUMMARY**

**Brief Property History:**

The property at 5584 Silverado Trail was initially developed as a winery in 1878. In the early 1930s, the property was purchased by the family of the current owners and was used for cattle ranching, which continued on the property until 1974. In 1969, the County and the property owners entered into a Williamson Act contract (Contract No. 17-69) that provided tax relief in exchange for limiting use of the property to certain agricultural and residential uses as specified in the contract. Members of the Regusci family began to produce limited quantities of wine from estate vineyards on the property as early as 1970, prior to adoption of County ordinances that required a use permit for wine production, and in 1996, Regusci Winery obtained from the Napa County Conservation, Development and Planning Commission, use permit approval to operate a winery with 405 square feet of office space in an approximately 3,000 square foot area in a portion of Building E (Use Permit No. 95550-UP). Use Permit No. 95550-UP allows the Regusci Winery to produce up to 25,000 gallons of wine per year (averaged over any consecutive three-year period, with production in any year not exceeding 30,000 gallons), with one custom production operation allowed to utilize up to 5,000 gallons of the winery's permitted annual production capacity. Visitation and marketing of wine produced at the winery are limited to an average of 10 visitors per week and no more than three visitors on any day.

On July 29, 2015, the Napa County Code Enforcement Division sent the Regusci Winery a Notice of Violation. The

Notice referenced the winery's website, which indicated that the winery accepted reservations for wine tasting for groups of seven or more people, while Use Permit No. 95550-UP specified a maximum daily visitation of no more than three guests. The applicant proceeded to prepare a use permit modification application package to address the violation. The application and its supplemental historical and utilities evaluations were submitted to the County Planning Division on July 27, 2016. Included in the Use Permit Modification application, though not identified in the Notice of Violation, is a request for recognition of expanded winery facilities, including increases in the total area of winery facilities and expansion of winery accessory use floor area.

#### **Proposed Use Permit Modification:**

The requested Use Permit Modification for the Regusci Winery would allow an increase in permitted wine production, from 25,000 gallons to 50,000 gallons of wine per year; would establish a winery marketing program consisting of events, food and wine pairings and on-site consumption of wine purchased at the winery; and includes various utilities and site improvements associated with the requested production increase. The application also requests recognition of noncompliant winery operations currently happening at the winery, including a higher number of employees than specified in the winery use permit; expansion of the winery facilities and conversions of winery spaces to winery accessory use spaces; and tours and tastings occurring above permitted numbers. With the use permit modification, the applicant is requesting an exception to the Napa County Road and Street Standards (RSS) to allow elimination of the required two-foot wide shoulders in certain locations, as a means to protect existing mature walnut trees.

Staff believes the proposal to be consistent with the Zoning Ordinance and applicable General Plan policies and recommends approval of the RSS exception and use permit modification requests, subject to conditions.

#### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

#### **ENVIRONMENTAL IMPACT**

Consideration and possible adoption of a Negative Declaration. According to the Negative Declaration, the proposed project would not have any potentially significant impacts. The project site is not on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5.

#### **BACKGROUND AND DISCUSSION**

**Owner/Applicant:** Regusci Simone Ranch Limited Partnership, 5584 Silverado Trail, Napa, California 94558

**Representative:** George Monteverdi, Monteverdi Consulting, (707) 761-2516 or george@monteverdiconsulting.com

**Zoning:** Agricultural Preserve (AP) and Agricultural Watershed (AW) Districts

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

**Application Filed:** July 27, 2016; Resubmittals received February 1, 2017, and July 7, 2017  
**Application Deemed Complete:** September 21, 2017

**Parcel Size:** Approximately 162.6 acres

**Existing Development:** Winery buildings, plus approximately 36 acres of vineyard, three single-family residences and a farm labor dwelling, and a vineyard management operation inclusive of administrative offices and equipment storage. (The on-site vineyard, residences and vineyard management operation are not proposed to be modified in structure or use with this major modification and are, therefore, outside of the scope of this request.) All development on the property is accessed by a paved, approximately 0.4-mile long and 12- to 20-foot wide, private driveway extending within a parcel stem from Silverado Trail.

**Vineyard acreage (existing):** Approximately 36 acres

**Vineyard acreage (proposed):** No change

**Project Details:** For comparison purposes, Table 1 below summarizes the winery's existing and proposed operational and physical characteristics compared against the approved entitlements of Use Permit No. 95550-UP.

**TABLE 1**

	<b>Approved Entitlements</b>	<b>Current Operation</b>	<b>Use Permit Request</b>
<b>Production</b>	25,000 gallons/year	Within Entitlement	50,000 gallons/year
<b>Winery Size</b>	2,980 square feet	+/- 26,500 square feet	+/- 26,500 square feet
<b>Days &amp; Hours of Operation (Winery)</b>	Daily, 9:00 am-5:00 pm	No change	No change
<b>Visitation</b>	10 visitors/week	150 visitors/week; 40 typ. visitors/day	400 visitors/week; 150 maximum/day
<b>Days &amp; Hours of Operation (Visitation)</b>	Daily, 10:00 am-4:00 pm	No change	No change
<b>Winery Parking</b>	10	17	17

Table 2 below summarizes the winery's approved, existing and proposed physical characteristics compared against the standards of Napa County Code. (As clarification, the plans submitted with the use permit application incorrectly calculate accessory use area as a percent of total building area, rather than as a percent of the indoor and outdoor production area. The plans also include the outdoor tasting deck in the accessory use area, inconsistent with County Code Section 18.104.200. The accessory to production ratio in the table, below, corrects this information from that in the plan set.)

**TABLE 2**

	<b>County Code Standard</b>	<b>Approved Entitlement</b>	<b>Existing Condition</b>	<b>Use Permit Request</b>
<b>Winery Coverage (Max.)</b>	15 acres	<1 acre	3.4 acres	3.4 acres
<b>Accessory to Production Ratio</b>	Accessory Area <40% of Production Area	16%	38%	38%
<b>Front Setback (Min.)</b>	600 feet from Centerline of Silverado Trail	2,600 feet (to Building E)	2,600 feet (to Building C)	2,600 feet (to Building C)
<b>Side Setback (Min.)</b>	20 feet	1,700 feet (to Building E)	650 feet (to Building C)	650 feet (to Building C)
<b>Rear Setback (Min.)</b>	20 feet	1,600 feet (to Building E)	1,600 feet (to Building D)	1,600 feet (to Building D)

**Other Winery Characteristics**

**Proposed Marketing Program:** Food and wine pairings (one per day, up to four days per week) for up to 12 guests per day, plus 10 events annually for up to 50 guests, five events annually for up to 150 guests and one event annually for up to 200 guests, with some events to occur outdoors in the four locations for which on-site wine consumption is requested. Marketing events would be scheduled so as not to begin or end during peak hours of traffic (between 4:30 p.m. and 5:30 p.m. on weekdays and between and 1:45 p.m. and 2:45 p.m. on weekend days). As proposed, some marketing events would have amplified sound as a part of the event. Tours and tastings visitation would be suspended on any day when a 150-person or 200-person marketing event is held that begins before 6:00 p.m.

**Adjacent General Plan Designation / Zoning / Land Use:**

North: Three parcels zoned AW District, ranging from 10 to 40 acres in size. All parcels are predominantly undeveloped woodland areas on steep slopes; one of the larger parcels has two residences. The 40-acre residential parcel has a General Plan land use designation of AWOS, and the other two undeveloped parcels designated as AWOS and AR.

South: Two parcels, approximately 137 and 40 acres in size. Both parcels are zoned AW District. The larger of the two parcels is site of the Chimney Rock Winery and has a General Plan land use designation of AR. The smaller of the two parcels is planted with vineyards and has a single-family residence and has General Plan land use designations of AWOS and AR.

West: All properties west of the site are zoned AP District and have a General Plan land use designation of AR. Two of the properties immediately adjoining the Regusci Winery parcel are 48 and 72 acres in size, are also owned by the applicant, and are exclusively planted with vineyards. Silverado Trail borders the western property line of these and the subject parcel. A 355-acre parcel on the opposite side of Silverado Trail from the Regusci properties is also planted with vineyards and includes two residences.

East: Two parcels, both approximately 40 acres in size and zoned AW District. One parcel is undeveloped woodland, and the other is largely undeveloped but does include some vineyard area and a single-family residence. Approximately seven acres of the southern vineyard/residential parcel has a General Plan land use

designation of AR; the remaining acreage of both parcels is designated AWOS.

**Wineries in the Vicinity (located within one mile of the project):**

Please refer to Attachment "L".

**Parcel History:**

The property at 5584 Silverado Trail was initially developed as a winery in 1878 by Terrell L. Grigsby, a local winemaker in the early years of wine production in the Napa Valley, who oversaw construction of the initial winery buildings currently identified as Buildings D and E. Grigsby's heirs sold the property to James and Livia Regusci in 1932. Following their purchase of the land, the Regusci family constructed a hay/feed barn, a holding pen/stock barn and a slaughterhouse (buildings identified on the current project plans as Buildings A, B and C, respectively) to facilitate their cattle ranching and processing operation on-site. All five buildings remain on the property to this day. In 1969, the County and the property owners entered into a Williamson Act contract (Contract No. 17-69) that provided tax relief in exchange for limiting use of the property to certain agricultural and residential uses as specified in the contract. Although the Regusci family continues to own the property, the family ceased operation of the cattle ranching and processing business on the property in 1974.

Members of the Regusci family began to produce limited quantities of wine from estate vineyards on the property as early as 1970, prior to adoption of County ordinances that required a use permit for wine production. In 1972, Clos du Val leased the Winery Building (Building D) from the property owner to produce, age and bottle a portion of its production quantity.

On May 15, 1996, Regusci Winery obtained from the Napa County Conservation, Development and Planning Commission, use permit approval to operate a winery with 405 square feet of office space in an approximately 3,000 square foot area in a portion of Building E (Use Permit No. 95550-UP). The two wineries, Clos du Val and Regusci Winery, both continued to operate on the property until 1999, after which Regusci Winery became the sole winemaking establishment on-site. Regusci Winery still operates on-site today and currently uses Building D for wine production, aging and storage. Use Permit No. 95550-UP allows the Regusci Winery to produce up to 25,000 gallons of wine per year (averaged over any consecutive three-year period, with production in any year not exceeding 30,000 gallons). The approved use permit allows one custom production operation to utilize up to 5,000 gallons of the winery's permitted annual production capacity and no more than 20 percent of the winery's storage area. Visitation and marketing of wine produced at the winery are limited to an average of 10 visitors per week and no more than three visitors on any day. Wine tasting currently occurs in a covered area attached to the northern wall of Building E, that the winery operators enclosed in 1998 to convert use of the area from storage to hospitality purposes (Building Permit No. B98-00081).

**Code Compliance History:**

On July 29, 2015, the Napa County Code Enforcement Division sent to the Regusci Winery a Notice of Violation. The Notice referenced the winery's website, which indicated that the winery accepted reservations for wine tasting for groups of seven or more people, while Use Permit No. 95550-UP specified a maximum daily visitation of no more than three guests. The applicant proceeded to prepare a use permit modification application package to address the violation. The application and its supplemental historical and utilities evaluations were submitted to the County Planning Division on July 27, 2016. In the course of review of the Use Permit Modification request, staff discovered also that the winery has increased in floor area, from the approximately 3,000 square feet specified in Use Permit 95550-UP to its current size of approximately 26,500 square feet, without use permit approval. At this time, the applicant remains out of compliance with existing entitlements related to winery size and visitation and marketing events.

**Discussion Points:**

Setting - The 162.6-acre project site is located on the east side of Silverado Trail. The winery buildings are situated approximately 2,500 feet east of the Silverado Trail right-of-way and are accessed from that roadway via an approximately 60-foot wide access stem. Within the access stem is a 12- to 20-foot wide, asphalt-paved, private roadway. The parcel is flat where its stem adjoins Silverado Trail, and it is flat for the length of the stem, increasing in slope to five to 15 percent in the location of the winery buildings. Slopes on the property increase again, to grades in excess of 15 percent east of the winery buildings, in undeveloped oak woodland area. In addition to the winery buildings, there are three residences occupied by the property owners, and a farm labor dwelling. Other non-residential structures on the property include animal enclosures, offices and equipment storage for a vineyard management business. Surrounding land uses include single-family homes, vineyards, and wineries. The closest residence to the winery facilities is approximately 2,000 feet to the west.

Winery Use Permit Modification Proposal - The applicant is requesting to increase permitted annual wine production, from 25,000 gallons to 50,000 gallons of wine per year; to establish a new marketing program for the winery, that includes food and wine pairings (with food prepared on-site), plus up to 16 events per year for 50 to 200 guests; and to allow on-site consumption of wine purchased from the winery. The application also includes requests for recognition of noncompliant winery operations currently happening at the winery, including a higher number of employees (16) than specified in the current winery use permit (1); conversions of winery spaces to winery accessory use spaces; and tours and tastings for up to 400 visitors per week where the current use permit allows up to 10. Other utilitarian improvements proposed with the modification include installation of additional wastewater treatment system components to accommodate increased flows from visitation and wine production; operation of a non-transient, non-community public water system; construction of an irrigation pond for storage of process wastewater to be recycled as vineyard irrigation; and widening to 20 feet the asphalt road surface of the existing winery access road.

Tours & Tastings/Marketing Events - The winery comparison chart provided as Attachment "L" includes other winery facilities throughout the County, with annual production capacities of 50,000 gallons of wine. The use permit modification, if approved as proposed, would allow up to 150 visitors per day with a maximum of 400 visitors per week for wine tasting. Of the 25 wineries with equivalent production capacities as that proposed with this project, one winery (Refuge Winery) has a permitted number of weekly visitors (868) that exceeds that of the request of the applicant, though its daily visitation (124) is less than that requested for Regusci Winery (150). With a permitted 350 visitors per week, Woolls Ranch has a number similar of weekly visitors as the proposed project, but with a notably lower daily maximum of 60 people per day. If approved as requested at up to 150 daily visitors, the Regusci Winery would have the highest number of daily visitors for wineries with 50,000 gallons of annual wine production.

Including the small group (12-person) food and wine pairings requested to be conducted four days each week, the annual number of marketing events proposed by the applicant (224) when compared to other 50,000-gallon wineries is high, with Refuge Winery having the next highest number at 115 events per year. Regusci would have the second highest number of marketing event visitors, with only Woolls Ranch having a higher number, at 4,640.

Setbacks - The proposed project meets all applicable minimum setbacks, including the 600-foot minimum winery building setback from Silverado Trail.

Traffic and Parking - As noted in the initial study prepared for the project, certain elements of the winery's current operation are out of compliance with its zoning approvals, so that the traffic associated with the requested modification is currently already part of background traffic. However, in an effort to disclose the potential impacts of the modification had it been requested in advance of increasing employment and visitation, the traffic study submitted by the applicant evaluates the impacts of the project compared against a baseline of the winery's permitted conditions, rather than its current noncompliant operations. Thus, applying the trip generation factors on page 15 of the County's use permit application, and applying the project proponent's expectation that visitation on a

weekday is not more than 50 people (one-third of that which is expected on a typical weekend day), the requested employment and visitation and marketing programs associated with the winery generate:

1. an estimated 85 weekday trips, of which 32 occur within the peak hour between 4:30 p.m. and 5:30 p.m.; and
2. an estimated 133 typical weekend day trips, of which 34 occur within the peak hour between 1:45 p.m. and 2:45 p.m.; and
3. an estimated 142 harvest/crush season Saturday trips, of which 36 occur within the peak hour between 1:45 p.m. and 2:45 p.m.

These trips were "removed" from the analysis to re-create a traffic scenario without the project and then re-introduced to identify the impacts of the project on the road network within the vicinity of the property. Areas of analysis proximate to the winery consisted of the intersections at Oak Knoll/Silverado Trail (south of the winery); Yountville Cross Road/Silverado Trail (north of the winery); and the segment of Silverado Trail between those two intersections. The traffic study also evaluated the level of service, with and without the project, at the Regusci Winery driveway at Silverado Trail.

The General Plan (page CIR-15), uses level of service (LOS) as the preferred metric for analyzing traffic impacts. LOS is a measure of how well a road facility can carry traffic and is usually designated with a letter grade A-F, where 'A' is best and 'F' is worst. Under current General Plan policy (CIR-16), the desired road segment level of service is LOS D during the weekday peak hour of traffic, "except where maintaining this desired level of service would require the installation of more travel lanes than shown on the Circulation Map." Policy CIR-16 does not specify a desired LOS for unsignalized intersections (including Yountville Cross Road and Oak Knoll Avenue) but instead calls for case-by-case evaluation of a project's potential impacts.

The traffic study indicates that all intersections and the studied road segment operate and would continue to operate at acceptable levels of service (LOS B or C) during the weekend peak hour in the near-term (2020) and long-term (2030) horizons, both with and without the project. During the weekday peak hour, in the near term (2020), the proposed project would add two left-turn movements to Oak Knoll Avenue at Silverado Trail, where current volume is 90 vehicles during the peak hour and LOS is projected at E. This addition represents just over two percent of existing volume at the minor approach, and an increase in delay of two seconds that a driver on the minor approach would experience. (The other studied intersections and road segment would operate at LOS D with and without the project.) In the long-term horizon (2030), the studied road segment and intersections would operate at LOS E or F with the project. The project would add one of the projected 96 vehicles on the Yountville Cross Road approach to Silverado Trail, and two of the project 103 vehicles on the Oak Knoll Avenue approach to Silverado Trail. (The third studied intersection is the applicant's winery driveway, which would experience an increase in trips directly as a result of the project but provides no access to any other properties, thereby causing no impacts to non-project-related travelers.) The additional trips of the proposed project would have the individual impacts of increasing delay at the intersections by 0.5 to two seconds to the existing condition, a minor and likely unnoticeable increase in delay experienced by drivers. In the cumulative scenario, the delay resulting from these one to two trips increases to five to 15 seconds (to as high as 280 seconds on Yountville Cross Road and 215 seconds on Oak Knoll Avenue), indicating that the increase in delay is the result of additional traffic on Silverado Trail, for which General Plan Policy CIR-16 does not recommend addition of lanes and therefore suggests that LOS E or F is acceptable.

The major modification request includes a request for the County to recognize an increase in the number of permitted parking stalls on-site, from 10 permitted parking stalls to 17 existing stalls. The requested increase in parking corresponds with the increase in daily employee and visitor presence on the property, while avoiding provision of excess parking for the demands of more infrequent and larger marketing events. Thus, staff believes the parking request to be reasonably related to the requested operations of the winery and its accessory uses.

Exception to Napa County Road and Street Standards (RSS) - Under Section 2.c of the RSS, use permit



applications are subject to compliance with the RSS. For the requested Use Permit Modification, compliance with the RSS would mandate that the private winery access road from Silverado Trail be widened from its current width (12 to 20 feet of paved width) to 20 feet of paved width plus two-foot wide gravel shoulder for the entirety of the roadway's length. The applicant's Use Permit Modification application also includes a request for an exception to the County's RSS to allow elimination of the two-foot wide shoulder in each location where the winery's private access road abuts an existing mature walnut tree. Aerial photographs indicate that the trees were present as early as 1948 and are at least 70 years old. Exclusion of the shoulder next to the walnut trees is proposed so as to reduce ground disturbance around and to provide protection of the trees' root systems. Excluding these locations where the shoulder is proposed to be eliminated, the asphalt-paved surface of the road would be widened to 20 feet, consistent with the minimum requirement of the RSS. The requested exception has been reviewed by the Fire Department without comment, and the Engineering Services Division has reviewed the RSS exception request and recommended its approval with conditions.

Wastewater - Delta Consulting and Engineering prepared a "Wastewater Feasibility Report for the Regusci Winery Use Permit Modification," dated June 7, 2016. As described in that report, the proposed winery improvements include installation of aboveground wastewater tanks (either within or adjacent to existing silos on the property that were previously used for grain storage) and a Lyve wastewater treatment system. The Lyve system is capable of treating and disinfecting both process and domestic wastewater to California Title 22 standards for recycled water. After treatment, wastewater from the Lyve system can and is proposed to be discharged via surface drip to irrigate vineyards surrounding the winery buildings. The proposed pond will also be used for storage of up to one acre-foot of recycled water treated in the Lyve system. The Lyve system includes continuous monitoring and is regulated by the State Regional Water Quality Control Board.

The County's Division of Environmental Health has reviewed the application and the wastewater feasibility report and determined that the proposed wastewater systems are adequate to serve the winery's wastewater treatment needs. The high-quality effluent generated from the Lyve system would augment the winery's current use of recycled water for vineyard and landscape irrigation purposes. (The property owner is currently under contract with the town of Yountville to purchase treated wastewater from the town's municipal plant and apply it to vineyards for irrigation; the off-site pond immediately south of the winery access road provides storage for the recycled water currently received from the town.) No information has been encountered that would indicate that proposed wastewater treatment system improvements would have a substantial impact to water quality.

Groundwater Availability - Richard C. Slade and Associates, LLC, prepared a water availability analysis (WAA), dated June 9, 2016, that analyzed the estimated additional water demands of the project, as well as the underlying geology of the property and potential groundwater impacts as a result of the project. Currently permitted groundwater demands of the winery are estimated at 0.9 acre-feet per year; groundwater demands of the project are estimated to increase to 2.3 acre-feet per year. Existing, permitted residential, vineyard and vineyard management activities, as described above, are not within the scope of the permit; with an estimated groundwater demand of 16.1 acre-feet of water per year, these uses were nonetheless included in the WAA to provide a complete description of groundwater demands of the property as a whole.

The WAA concluded that water demands of the project plus permitted uses would not have significant effects on groundwater. Compared to the 19 acre-feet of groundwater recharge estimated to have occurred during the two driest years of the past century, the estimated 18.4 acre-feet of water needs of the property would still be less than estimated recharge. It is noted that the property owner is currently in the process of re-negotiating its agreement with the town of Yountville, with a goal to increase the quantity of recycled water received from the town for vineyard irrigation; however, those negotiations are not final. If the property owner is successful in increasing that quantity of recycled water it receives from the town, then irrigation demands on the property would decrease the total water demand below the estimated 18.4 acre-feet per year. The proposed recycled water storage pond would have capacity to store another acre-foot of recycled process wastewater, and with installation of the Lyve system, would also help facilitate reduction of current vineyard irrigation water use. According to Napa County environmental

resource mapping (Water Deficient Areas/Storage Areas), the project site is not located within a water deficient area and the County is not aware of nor has it received any data with regard to groundwater deficiencies in the area.

Grape Sourcing - The project site currently has approximately 36 acres of vineyard, which can yield a little more than half of the winery's currently-permitted production (25,000 gallons). Two of the properties immediately adjoining the Regusci Winery parcel are 48 and 72 acres in size, are also owned by the applicant, and are exclusively planted with vineyards, and are capable of yielding enough grapes for all of the winery's requested production (50,000 gallons). The winery operator, through the use permit application, has indicated that he intends to maintain compliance with the 75% Napa Valley grape source requirement should the modification for production increase be approved.

Greenhouse Gas Emissions - 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 Best Management Practices Checklist for Development Projects, which is included in the use permit application attached to this report as Attachment "E". The project proponent's intent to install photovoltaic array, as noted in the Checklist, is consistent with adopted General Plan goals (CON-68, CON-70) that encourage the County and permittees to pursue use of renewable energy sources. Other measures that the applicant implements, and that have the effect of reducing the winery's emissions of GHGs, include composting of garden material; implementation of a recycling program, including reuse of reclaimed water from the town of Yountville for vineyard irrigation; and a program for installation of water-efficient plumbing and landscaping and energy-efficient lighting fixtures. The proposed pond for storage of process wastewater from increased production would also facilitate reuse of the wastewater for vineyard irrigation, thereby eliminating GHG emissions that would otherwise be generated from the additional extraction of groundwater.

Public Comments - At the time of staff report preparation, no public comment letters had been received regarding the proposed project.

### **Decision Making Options**

As noted in the Executive Summary Section above, staff recommends approval of the project, subject to conditions of approval, as described in Option 1 below.

#### Option 1: Approve Applicant's Proposal (Staff Recommendation).

Disposition - This option would allow the winery operator to increase annual production from 25,000 gallons to 50,000 gallons of wine. This option would also permit and approve all of the current operations and physical expansions already conducted at the winery without benefit of permit, including the expansion of the winery above 3,000 square feet and the increases in visitation, employment, and accessory use floor area. With these changes, the winery operator would facilitate construction of other, corresponding property improvements that include the required widening of the winery access road in accordance with the Napa County RSS (including exceptions as requested), installation of additional wastewater treatment facilities, and construction of a recycled water pond for storage of treated process wastewater to be reused for vineyard irrigation.

The requested approvals fall within the regulations for wineries, including minimum setbacks and maximum accessory to production ratio, and would recognize the established reuse of the original Grigsby winery buildings for wine production. The Use Permit modification would remedy each of the matters of noncompliance with the winery's permit while accommodating future growth for marketing of its product.

Action Required - Follow the proposed action listed in the Recommendation section of this staff report. If

recommended condition(s) of approval are to be amended, identify the condition and specify the desired revision thereto.

Option 2: Reduced Visitation Alternative.

Disposition - This option also would permit the requested production increase, recognize expansion of the winery facility to its current square footage (which includes the original Grigsby winery buildings), and would allow construction of private road and wastewater improvements, but would reduce daily visitation to a number that is closer to that currently being conducted by the winery operator. Comparison of the winery against other wineries with production levels of 50,000 gallons per year indicates that the Regusci Winery would have the second highest number of annual tastings and marketing event visitors of the wineries with equivalent production. (Refuge Winery, the next highest, is entitled for roughly twice the number of tastings and marketing event visitors as that requested in this application.)

With this option, estimated vehicle trips related to employees and visitors would not increase compared to current conditions, as the winery is currently operating out of compliance with its use permit. However, depending on the extent of the reduction of the winery's number of visitors, vehicle trips would be proportionately less than the full scope of the project as analyzed in the initial study. In the future, should the winery operator want to increase visitation to that number currently being requested, the operator would need to submit a new use permit modification request. As this option would still include modification of the winery's use permit, the private winery access roadway would still be required to be widened in compliance with the Napa County RSS (including exceptions as requested).

Action Required - Based on Commission discussion and desire to scale back visitation and marketing activities at some level, amending the scope and recommended conditions of approval (COA) to revise the visitation and/or marketing program described in COA 4.2 and 4.3 to reduced numbers should occur at the time the motion of approval is made. If major revisions to conditions of approval are required, the item may need to be continued to a future date.

Option 3: Deny the Requested Use Permit Modification and Revert Winery Back to Original Use Permit Operational Levels.

Disposition - This action would result in restoration of all winery operations to that of Use Permit No. 95550-UP, including removal of all winery improvements from Buildings C and D and all but approximately 3,000 square feet of Building E. Visitation would be reduced to a maximum of 10 people per week, requiring the winery operator to change the winery's approach for marketing its product. With this option, on-site parking, groundwater and wastewater treatment demands, and hospitality employment needs of the winery would correspondingly be reduced with the reduced number of visitors, and traffic would be reduced from current conditions. No other site improvements, including widening of the access roadway, would be triggered.

Action Required - In the event the Commission determines that the project does not or cannot with conditions meet the required findings for grant of a use permit exception, the Commissioners should articulate what aspect or aspects of the project are in conflict with the required findings. State law requires the Commission to adopt findings, based on the General Plan and County Code, setting forth why the proposed use permit exception is not being approved. Based on the administrative records as of the issuance of this staff report, there does not appear to be any evidence supporting denial of the project.

Option 4: Continuance Option.

The Commission may continue an item to a future hearing date, at its discretion.

**SUPPORTING DOCUMENTS**

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- A . Recommended Findings
  - B . Recommended Conditions of Approval and Final Agency Approval Memos
  - C . Previous Project Conditions and Notice of Violation
  - D . Initial Study / Negative Declaration
  - E . Use Permit Modification Application Packet
  - F . RSS Exception Application Packet
  - G . Water Availability Analysis
  - H . Wastewater Feasibility Study
  - I . Traffic Study
  - J . Historic Evaluation
  - K . Graphics
  - L . Winery Comparison Analysis

Napa County Planning Commission: Approve

Reviewed By: Vincent Smith