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Agenda Date: 2/3/2021

Agenda Placement: 7B

## Napa County Planning Commission Board Agenda Letter

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**TO:** Napa County Planning Commission

**FROM:** Brian Bordona for David Morrison - Director  
Planning, Building and Environmental Services

**REPORT BY:** MELANIE JACKSONCOUCH, PLANNER III - 707-259-8194

**SUBJECT:** Shanti Wines Use Permit P20-00188

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### **RECOMMENDATION**

#### **RAY & DIMPLE SHARMA / SHANTI WINES / USE PERMIT NO. P20-00188-UP**

**CEQA Status:** Consideration and possible adoption of a Categorical Exemption pursuant to Section 15301 of CEQA, Class 1 – Existing Facilities, which exempts minor alterations to existing structures and Section 15303, Class 3 – New Construction or Conversion of Small Structures, which exempts the conversion of facilities consisting of no more than 2,500 square feet. This project is not on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5. Appendix B, Class 3 (New Construction or Conversion of Small Wineries) of the Napa County CEQA Guidelines, exempts the construction and operation of small wineries that 1) are less than 5,000 square feet in size; 2) produce no more than 30,000 gallons of wine per year; 3) do not generate more than 40 vehicle trips per day and five peak hours trips, except during marketing events; 4) hold no more than ten marketing events per year, each with no more than 30 attendees, except for one wine auction event with up to 100 persons in attendance; and 5) hold no temporary events.

**Request:** Approval of a Use Permit to allow for the establishment of a wine production and retail sales facility within an approximately 1,435 square foot industrial condominium unit located in the Napa Valley Business Park (“NVBP”). The proposed use permit would include the following: 1) annual wine production capacity of 12,500 gallons; 2) one (1) full time employee and two (2) part time employees; 3) a visitation program to allow for tasting for up to twelve (12) guests per day (by appointment only) and no more than 84 guests per week; 4) a marketing program consisting of up to ten marketing events per year with up to 30 guests and one annual wine auction event with up to 100 guests; 5) and daily production between the hours of 9:00 a.m. and 6:00 p.m. (Monday-Sunday) and visitation between the hours of 10:00 a.m. and 7:00 p.m. daily (Monday-Sunday). City of American Canyon and Napa Sanitation District would provide water and domestic sanitary sewer service to the site, respectively. The project is located at 194 Camino Oruga, Unit No. 9, between Camino Oruga and North Kelly Road within the Napa Valley Business Park in the Napa area, APN 057-270-013. The subject property is Zoned as GI:AC (General Industrial:Airport Compatibility) and General Plan designated as Industrial.

**Staff Recommendation:** Find the project Categorically Exempt from CEQA and approve Use Permit P20-00188, as conditioned.

**Staff Contact:** Melanie Jackson, Planner III, (707) 259-8194 or [Melanie.jackson-couch@countyofnapa.org](mailto:Melanie.jackson-couch@countyofnapa.org)

**Applicant Contact:** Ray Sharma, (510) 728-7653 or [Ray@shantiwines.com](mailto:Ray@shantiwines.com)

**Applicant Representative Contact:** Ray Sharma, (510) 728-7653 or [Ray@shantiwines.com](mailto:Ray@shantiwines.com)

## **EXECUTIVE SUMMARY**

### **Proposed Actions:**

That the Planning Commission:

1. Find the project to be Categorically Exempt from CEQA, as set forth in Findings 1-3 of Attachment A; and
2. Approve Use Permit P20-00188 based on Findings 4-8 of Attachment A, subject to recommended Conditions of Approval included in Attachment B.

### **Discussion:**

The project applicant requests approval of a use permit to allow for the establishment of a 12,500 gallon per year winery with visitation and marketing activities within an approximately 1,435 square foot existing industrial condominium unit. The winery operations would occur within one of two existing light industrial structures. The two structures were previously divided into twelve condominium units via Parcel Map No. 5611 ("parcel map for condominium purposes"), recorded in Parcel Map Book 59, Page 24. Each of the condominiums share an interest in the common area lot that is developed with a 49-stall parking area and is managed by a Homeowner's Association.

Staff supports granting approval of the proposed project, subject to the attached findings and recommended conditions of approval included in Attachments A and B, respectively. Wineries are conditionally permitted uses within the General Industrial zone district, and the proposed winery is located on a site developed with two industrial condominium structures that includes three existing wineries within separate units. Uses in the vicinity of the project site also include wine production related uses including wine distributors, wine bottlers and manufacturers of wine making products. The condominium unit floor area and marketing program of the proposed 12,500-gallon winery are consistent with similar industrially-located wineries with annual production levels of 20,000 gallons or less. With up to 4,368 yearly visitors (not including marketing events), visitation to the proposed winery would be within the range of larger-sized industrial area wineries that produce over 20,000 gallons and up to 600,000 gallons of wine per year but would be consistent with previous Commission approvals of a similar, proximate winery that has operated without significant impact to the building complex.

## **FISCAL & STRATEGIC PLAN IMPACT**

Is there a Fiscal Impact? No

County Strategic Plan pillar addressed:

**ENVIRONMENTAL IMPACT**

The proposed project is Categorically Exempt from CEQA pursuant to Section 15301 of CEQA, Class 1 – Existing Facilities, which exempts minor alterations to existing structures and Section 15303, Class 3 – New Construction or Conversion of Small Structures, which exempts the conversion of facilities consisting of no more than 2,500 square feet. The project as proposed would not impact an environmental resource of hazardous or critical concern; it has no cumulative impact; there is no reasonable possibility that the activity may have a significant effect on the environment due to unusual circumstances; it will not result in damage to scenic resources; it is not located on a list of hazardous waste sites; and, it will not cause substantial adverse change in the significance of any historical resource nor extract groundwater in excess of the Phase 1 groundwater extraction standards as determined by the Department of Public Works. The project is not on any list of hazardous waste sites enumerated under Government Code Section 65962.5. Appendix B, Class 3, New Construction or Conversion of Small Wineries, exempts the construction and operation of small wineries that 1) are less than 5,000 square feet in size; 2) produce no more than 30,000 gallons of wine per year; 3) do not generate more than 40 vehicle trips per day and five peak hours trips, except during marketing events; 4) hold no more than ten marketing events per year, each with no more than 30 attendees, except for one wine auction event with up to 100 persons in attendance; and 5) hold no temporary events.

**BACKGROUND AND DISCUSSION**

**Owner:** Ray and Dimple Sharma, (510) 728-7653 or Ray@shantiwines.com

**Representative:** Ray Sharma, (510) 728-7653 or Ray@shantiwines.com

**Zoning:** GI:AC (General Industrial: Airport Compatibility)

**General Plan Designation:** Industrial

**Application Filed:** June 25, 2020; **Resubmittal:** November 11, 2020, December 7, 20, 2020; **Application Deemed Complete:** December 7, 2020

**Existing Development:** Two industrial structures divided into 12 condominium units and a 49-stall parking lot

**Proposed Winery Development Area:** Existing 1,435 square foot industrial condominium unit

**Proposed Winery Coverage:** 1,435 square feet

**Proposed Production Capacity:** 12,500 gallons per year

**Proposed Winery Building Size:** 1,435 square feet

**Accessory/Production Ratio:** 29 percent

**Proposed Number of Employees:** One (1) full time employee and two (2) part time employees

**Proposed Visitation:** Tasting for up to twelve (12) guests per day (by appointment only) and no more than 84 guests per week

**Proposed Marketing:** Up to ten marketing events per year with up to 30 guests and one annual wine auction event with up to 100 guests

**Hours of Operation:** Daily production between the hours of 9:00 a.m. and 6:00 p.m. (Monday-Sunday) and visitation between the hours of 10:00 a.m. and 7:00 p.m. daily (Monday-Sunday)

**Parking:** The condominium development common area includes a total of 49 parking stalls shared by all tenants within the two industrial structures.

**Airport Compatibility:** Zone D – Common Traffic Pattern [Airport Land Use Compatibility Plan (ALUCP), pages 3-14 through 3-17). Properties within Zone D are commonly overflowed by aircraft at altitudes of 300 to 1,000 feet. Wineries, warehousing, distribution, office and light industrial uses are highly compatible with this zone. To minimize crowding in this Zone, density of persons within structures in Zone D should not exceed 100 persons indoors or 150 people indoors/outdoors on a regular and frequent basis. All aspects of the proposed project, including the visitation and marketing plan, have been designed to comply with these limitations.

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

North: A 2.38 acre, privately owned parcel with a General Plan designation of Industrial. The property is zoned GI:AC (General Industrial: Airport Compatibility) and is developed with two structures and a paved access area on the southwest of the property and the remainder of the parcel is utilized for heavy equipment and tractor trailer storage.

South: A 1.07 acre parcel owned by Peju Province Winery. The property has a General Plan designation of Industrial and is zoned IP:AC (Industrial Park: Airport Compatibility). The property is developed with an industrial structure and parking area.

East (across North Kelly Road): A 161 acre, undeveloped agricultural property with a General Plan designation of Agriculture/Watershed/Open Space and is zoned AW:AC (Agricultural Watershed: Airport Compatibility). The property is owned by Napa Sanitation District.

West (across Camino Oruga): A 0.62 acre parcel zoned GI:AC (General Industrial: Airport Compatibility) with a General Plan designation of Industrial. The property is privately owned and serves as a fenced contractor/industrial storage yard.

All adjacent zoning designations include the Airport Compatibility (AC) combination district.

#### **Wineries in Vicinity:**

A winery comparison table included as Attachment F to this report includes a list of neighboring wineries within the NVBP and within 1,000 feet of the subject property. There are 16 wineries operating, approved to operate, or pursuing approvals to operate within the South Napa County industrial area. Five of these 16 wineries produce between 1,200 and 20,000 gallons of wine annually.

#### **Property Description and Background:**

The subject property is located at 194 Camino Oruga, Unit No. 9, situated between Camino Oruga and North Kelly

Road, North of Highway 12, within an existing 1,435 square-foot industrial condominium unit in the Napa Valley Business Park in the Napa area. The project site is zoned GI:AC (General Industrial: Airport Compatibility), with a General Plan designation of Industrial and is within the NVBP Specific Plan area.

The winery operations would occur within one of two existing light industrial structures. The two structures were previously divided into twelve condominium units via Parcel Map No. 5611 (“parcel map for condominium purposes”), recorded in Parcel Map Book 59, Page 24. Each of the condominiums share an interest in the common area lot that is developed with a 49-stall parking area and is managed by a Homeowners Association.

#### **Code Compliance History:**

There are no records of prior code violations related to this tenant space.

#### **Discussion Points:**

Interior and Exterior Structural Improvements – The proposed winery would be located within an existing, multi-tenant industrial condominium structure. The building design is a concrete tilt-up with a stucco finish and each unit has a roll up door and a man door. The overall structure is typical for a mixed use, light industrial structure. The project site is zoned General Industrial (GI), and therefore, the structure was not subject to any architectural evaluation as is the case in other GI-zoned industrial areas.

The Commission has previously commented that winery projects within the industrial park should be held to a high design standard in keeping with General Plan policy that Napa wineries convey an appearance of permanence and attractiveness (General Plan Policy CC-2). The applicant plans to place an awning over the pedestrian door and staff recommends that the applicant place wine barrels or decorative landscaping at the building entrance to enhance the aesthetics of the winery. Staff has determined that this degree of improvement is appropriate, given the limited visibility of the condominium unit from vantage points outside of the property and because it would establish an aesthetic consistent with other wineries located in the industrial complex (all three existing wineries within the complex have black fabric awnings over the pedestrian doorway). Signage to identify Shanti Wines would be added to the front exterior wall of the tenant space.

Zoning and Winery Definition Ordinance Winery (WDO) – The site of the proposed project is zoned GI: AC (General Industrial: Airport Compatibility). The intent of the GI District is to provide sites with good roadway access, in visually contained areas, for general industrial uses to operate (County Code Section 18.44.010). Wineries are conditionally permitted uses in the GI District, but should be operated in such a manner that does not compromise opportunities for light and heavy industrial development on proximate properties. Because the proposed winery would not operate within the County’s AW (Agricultural Watershed) or AP (Agricultural Preserve) districts, the winery is not subject to the roadway setback, grape sourcing, and other requirements of County Code Sections 18.104.200 through 18.104.250 (WDO). It is noted, however, that the accessory uses related to the winery aggregate to 330 square feet, amounting to 29 percent of the total indoor area of the winery and is consistent with the intent of the limitation on accessory uses as established in County Code Section 18.104.200.

Visitation and Marketing - Consistent with the definition of “marketing of wine” (County Code Section 18.08.370), the applicant proposes a visitation and marketing plan to include up to 12 visitors per day for wine tasting, seven days a week with a maximum of 84 visitors per week. Tastings would be by appointment only and would take place between the hours of 10:00 a.m. and 7:00 p.m., seven days a week. The applicant also proposes ten winery events per year with up to 30 guests, one wine auction event per year with up to 100 guests, with food served at events prepared by outside caterers.

The proposed project would be located within one of twelve condominium units that exist within two light industrial structures located on a 1.67-acre property. As previously discussed, the ALUCP established a guideline of 100 persons per acre inside structures located in Airport Compatibility Zone D. Applying this guideline to the 1.67 acre property, the occupancy of the two structures should not exceed 167 people on a regular and frequent basis. The employment and visitation programs of the proposed and existing wineries, plus estimated employment of the other office and light industrial areas within the condominiums would not result in a regular density exceeding the 167-person threshold.

A Winery Comparison Table is included as Attachment F to this report and lists 16 wineries that are presently operating, approved to operate, or are pursuing approvals to operate within the south Napa County industrial area. Annual production levels of these 16 wineries range from 10,000 to 880,000 gallons of wine. With 1,435 square feet of floor area, the 12,500 gallon per year winery is comparable to other industrially-located wineries with production quantities 12,500 or fewer gallons of wine per year, but would be noticeably smaller than other wineries within the industrial area with production of 20,000 gallons of wine or more per year. With up to 4,368 visitors per year, not including marketing events, visitation to the proposed winery would be within the range of industrial area wineries with similar or larger floor areas that produce 12,500 gallons of wine, or more, per year. The proposed visitation is consistent with the Planning Commission's 2013 approval of the similar Black Cat Winery located within the same condominium building. The proposed number and attendance at annual marketing events is comparable to other small wineries (20,000 gallons per year) in the area.

Water and Sanitary Sewer Service – The City of American Canyon has provided the applicant with a will-serve letter and has agreed to provide treated water to the project site. Napa Sanitation district has also provided a will-serve letter and would provide sanitary wastewater treatment service. The applicant has proposed a hold and haul system for winery process waste disposal, and as part of this proposal, would install a 2,000-gallon holding tank within the production area of the winery.

Greenhouse Gas Reduction Strategies – Although the proposal consists of primarily interior structural improvements, the applicant intends to implement voluntary best management practices to reduce GHG emissions resulting from implementation of the project (see Attachment D). These practices include reducing vehicle miles traveled by providing employee incentives for carpooling, bike riding incentives and use of shuttles for marketing events. The applicant also proposes energy conserving lighting and installation of water efficient features.

### **Consistency with Standards:**

1. Napa Valley Business Park Specific Plan and Zoning Ordinance – The subject property is located within the boundaries of the NVBP Specific Plan area and is designated Zone D of the GI:AC (General Industrial: Airport Compatibility). Uses allowed within this zone include most nonresidential uses, including wineries, warehousing and similar light industrial operations. New wineries within the business park must gain approval of a use permit by the Planning Commission (NVBP, page 62; County Code Sections 18.44.020.B.5 and 18.80.040). The proposed project is consistent with the intensity of a light industrial use and would be located in an industrial complex that houses three other wineries.

2. Building and Fire Code – The proposed winery has been conditioned to comply with all applicable building and fire codes. Prior to commencement of winery operation, Building Division staff and the Fire Department would review building permit plans for the tenant improvements to ensure compliance with current fire and building code.

3. Engineering Services – Engineering Division staff reviewed the use permit application and determined that the proposed winery, as conditioned, would comply with applicable regulations regarding storm drainage and

preservation of stormwater quality.

4. Environmental Health – In the Shanti Wines use permit incompleteness letter that was sent to the applicant on July 27, 2020, the Environmental Health Division requested will-serve letters from the Napa Sanitation District for wastewater treatment and from American Canyon for water. Both will-serve letters have been received and the applicant has satisfied the Environmental Health Division's requirements.

5. Airport Land Use Compatibility Plan (ALUCP) – The ALUCP staff liaison reviewed the proposed winery application and determined that the proposed project complies with the ALUCP, as conditioned.

6. Other Agencies - The winery would have treated water and sanitary wastewater treatment services provided by the City of American Canyon and the Napa Sanitation District, respectively. The applicant has submitted copies of will-serve letters from both agencies. Both agencies have also conditioned the project for compliance with their respective requirements.

### **Decision-making Options:**

As noted in the introductory paragraphs of this report, staff recommends that the Planning Commission approve the project as proposed, subject to the findings and conditions of approval in Attachments A and B, respectively. However, staff has provided the following options for consideration by the Planning Commission:

#### Option 1: Approve the Project as Proposed (Staff recommended Option)

Staff recommends the Planning Commission approve Option 1, to approve the project as proposed and allow for the establishment of a 12,500 gallon per year winery within an existing 1,435 square foot light industrial condominium within the Napa Valley Business Park. The proposed winery is consistent with the GI:AC zoning (General Industrial: Airport Compatibility), the Industrial General Plan designation, and the standards imposed by the location of the site within Airport Compatibility Zone D.

Action Required – Follow the proposed action listed in the Executive Summary. If conditions of approval are to be amended, specify conditions to be amended at the time the motion is made. This option has been analyzed for its environmental impacts, and the project was found to be categorically exempt from CEQA.

#### Option 2: Modify the Applicant's Proposal and Reduce Visitation

This Option includes approving the applicant's proposal for the 12,500 gallon per year winery, with a reduction in the visitation and or marketing requested by the applicant. As proposed, the winery would offer visitation for up to 12 persons per day, seven days a week, for tastings and would host 11 events per year, ten with up to 30 guests and one wine auction for up to 100 people. Although this project has been determined categorically exempt from CEQA, should the Planning Commission determine that the intensity of the visitation and marketing plan should be reduced, the Commission may take action to reduce the number of daily, weekly, or yearly visitors and/or reduce the number of proposed marketing events. Doing so would reduce the overall intensity of the project.

Action required – Follow the proposed actions listed in the Executive Summary and amend scope and project specific conditions of approval and required conditions of approval to reduce the maximum daily visitation and/or number of marketing events. If significant revisions to the conditions of approval are required, the item may be continued to allow staff adequate time to prepare the revised conditions.

**Option 3: Deny the Applicant's Proposal:**

In the event that the Commission determines that the project does not, or cannot meet the required findings for granting the Use Permit, Commissioners should identify what aspect/s 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 is not being approved.

Action required – Take action to deny the project and remand the matter to staff for preparation of findings for denial and continue the item to a date specific for final action by the Commission.

**Option 4: Continuance Option:**

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

**SUPPORTING DOCUMENTS**

- A . Findings
- B . Recommended Conditions of Approval and Agency Approval Memo's
- C . CEQA Exemption Memorandum
- D . Application Materials
- E . Graphics
- F . Winery Comparison Table

Napa County Planning Commission: Approve

Reviewed By: Brian Bordona