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Agenda Date: 3/21/2012

Agenda Placement: 9A

## Napa County Planning Commission Board Agenda Letter

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**TO:** Napa County Planning Commission  
**FROM:** John McDowell for Hillary Gitelman - Director  
Conservation, Development & Planning  
**REPORT BY:** Kirsty Shelton, Planner - 707 253 4417  
**SUBJECT:** Reata (formerly Kirkland Ranch Winery) Use Permit Modification # P10-00188

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### **RECOMMENDATION**

#### **REATA WINERY / MADISON VINEYARD HOLDINGS, LLC. - USE PERMIT MAJOR MODIFICATION P10-00188-MOD**

**CEQA Status:** Mitigated Negative Declaration prepared. According to the proposed Mitigated Negative Declaration, the project would have potentially significant effects on Agriculture and Forest Resources, Transportation/Traffic, and Utilities and Service Systems unless mitigation measures are adopted. The project site is not on any of the lists of hazardous waste sites enumerated under Government Code sec. 65962.5.

**Request:** Approval of a Use Permit Major Modification #P10-00188 for the Reata Winery including the following: 1) increasing winery production from 200,000 gallons per year to 1,100,000 gallons (fermentation and bottling) and an additional 2,400,000 gallons of bottling of bulk wine (bottling only), for a total production capacity of 3,700,000 gallons; 2) construction of a 3,850 sq. ft. cover addition to the winery for outdoor tanks; 3) addition of 6 full time employees, for a total of 21 full time and no part-time employees; 4) reducing daily visitation by 30 people on weekends for a revised maximum of 570 visitors daily on weekends, 400 visitors on weekdays, and not to exceed 2,000 visitors per week by appointment only; 5) extending visitation hours to 10 a.m. until 10 p.m. daily; 6) conversion of approximately 6,980 sq. ft. of barrel storage area to wine storage tank area; 7) installation and operation of a de-alcoholization facility to treat up to 300,000 gallons of wine annually; 8) addition of food and wine pairing included with visitation; 9) increasing water allocation from the City of American Canyon to 25,922 gallons per day including installation of approximately 250 feet of a new treated water line and upgrading approximately 600 feet of existing 3 inch water line to a 4 inch water line; 10) expanding the process waste dispersal system including installing larger aerators within the existing treatment pond; and 11) installation of a new bottling line to increase the production from 80 bottles per minute to 160 bottles per minute. The project is located on a 78.33 acre parcel located on the north side of State Highway 12 (SR12) approximately 1.5 miles east of its intersection SR 29/121 and SR 12, within Agricultural Watershed: Airport Compatibility Combination (AW:AC) zoning district. (Assessor's Parcel 057-140-015). 1 Kirkland Ranch Road, American Canyon.

**Recommendation :** Adopt the Mitigated Negative Declaration and approve a reduced project as recommended by Staff including the attached recommended conditions of approval.

**Staff Contact:** Kirsty Shelton, (707) 299-1377, [Kirsty.Shelton@countyofnapa.org](mailto:Kirsty.Shelton@countyofnapa.org)

### **EXECUTIVE SUMMARY**

#### **Proposed Action:**

That the Planning Commission:

1. Adopt the mitigated negative declaration, based on the attached findings of Exhibit C;
2. Approve the Staff recommendation of a reduced project as Use Permit Major Modification No. P10-00188, based on the attached findings of Exhibit C and subject to the recommended conditions of approval (Exhibit B).

#### **Discussion:**

The applicant requests approval of a use permit major modification to increase production from 200,000 gallons per year to 3.7 million gallons of wine per year. Production will include 1.3 million gallons of wine crushed on site, and 2.4 million gallons of bottling bulk wine sourced from other wineries. The project also includes a de-alcoholization facility to treat 300,000 gallons of bulk wine per year.

Staff has concerns regarding the overall proposed capacity of this winery and the extent of bottling-only operations. Consequently, Staff is recommending that the Commission approve a reduced size project from that proposed by the applicant. Ultimately, these questions on capacity and bottling-only are a policy matter for the Planning Commission. County Code prescribes that the Planning Commission determine the appropriate size of projects requiring use permits. There is no maximum size for new wineries or expansions of existing wineries, but all production approved after 1990 must utilize 75% Napa County fruit. As proposed by the applicant, this project at full production will require approximately 4,800 acres of Napa County vineyards to supply fruit. This project will also require 2.4 million gallons of wine to be crushed and fermented at other facilities to supply the bottling-only component. County Code Section 18.08.640 permits bottling "in connection" with a winery but does not provide further guidance on this subject. Outside of the Airport Industrial Area, there is only one other winery, the Robert Mondavi Winery on Highway 29 in Rutherford, with a bottling-only component approved as a portion of overall production. The bottling only component was approved by the Commission in 2008 when production was increased from 1.6 million gallons to 3.0 million gallons per year. Staff used the Mondavi Winery as a basis for its recommendation for a reduced project. For this project, Staff is recommending a maximum production capacity of 800,000 gallon per year, with less than 50% of the total production for the bottling of bulk wine (up to 395,000 gallons). Staff discusses these issues in detail in the attached background section.

Staff agrees that the location on Jameson Canyon SR 12 and the connection to City of American Canyon water supply is good for a large facility with expanded visitation and production, but the size of the facility in comparison to other wineries that have a similar production size suggests high volume bottling without storage for fermentation, barrels, and case goods. Staff discusses this issue in detail in the attached background section.

Furthermore, staff has concerns with the request to extend the hours of operation from 4 p.m. until 10 p.m. The location is somewhat isolated and the closest adjacent use is the golf course which closes at sunset. Further, the Reata Winery has a robust marketing plan and the winery could offer numerous marketing events until 10 pm under the current use permit. Staff is recommending a closing time for tours and tasting of 7 pm.

### **FISCAL IMPACT**

Is there a Fiscal Impact?            No

### **ENVIRONMENTAL IMPACT**

**Mitigated Negative Declaration Prepared.** According to the project mitigated negative declaration, the project will have a significant effect on the environment in the areas of Agriculture and Forest Resources, Transportation/Traffic, and Utilities and Service Systems unless mitigation measures are adopted. The project site is not on any of the lists of hazardous waste sites enumerated under Government Code sec. 65962.5.

### **BACKGROUND AND DISCUSSION**

Please refer to Attachment A

### **SUPPORTING DOCUMENTS**

- A . Exhibit A: Background
- B . Exhibit B: Conditions of Approval
- C . Exhibit C: Findings
- D . Table One: Ten largest wine production facilities
- E . Table Two: Facility size to production ratio
- F . Attachment One: Winery Production Process
- G . Environmental Management Comments
- H . Fire Department Comments
- I . American Canyon Will Serve Letter
- J . Public Works Comments
- K . Caltrans 11.2011 comment letter
- L . Mitigated Negative Declaration
- M . Project Revision Statement
- N . Water Supply Report
- O . Traffic Study February, 2012
- P . Application and Submittal materials
- Q . Green House Gas Emissions and Reductions Spreadsheet
- R . Graphics
- S . Site Photos

Napa County Planning Commission: Approve

Reviewed By: John McDowell