



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 5/18/2016

Agenda Placement: 9A

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission

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

REPORT BY: SHAVETA SHARMA, PLANNER III - 707-299-1358

SUBJECT: Opus One Winery Use Permit Major Modification #P14-00177

RECOMMENDATION

OPUS ONE WINERY- GARY CARAVANTES - USE PERMIT MAJOR MODIFICATION NO. P14-00177-MOD

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

Request: Approval to modify previous project approvals (Use Permit #88889, Use Permit #U88889-MOD, Use Permit #02373-MOD, Use Permit #P07-00745-MOD) for the existing Winery to allow the following: 1) increase in annual production from 110,000 gallons per year to 250,000 gallons per year; 2) construct a 51,906 s.f. addition to the rear of the existing winery building which will include: a fermentation tank room, barrel preparation areas, barrel storage, equipment storage, wine tasting and visitor center with veranda, wine case goods storage, offices, conference rooms, breakrooms, restrooms, and extension of a loading dock; 3) recognize and increase daily tours and tastings by appointment from 165 visitors on the weekdays, 500 visitors on the weekend, and 1,200 visitors maximum weekly to 200 visitors on the weekdays, 500 visitors on the weekends, and 1,450 visitors weekly maximum; 4) recognize and increase the marketing program consisting of ten (10) events for ten (10) guests, ten (10) events for 25 guests, ten (10) events for 100 guests, and five (5) events for 300 guests; 5) construct 15 new parking spaces for a total of 122 parking spaces; 6) provide higher aeration capacity for the existing wastewater system as necessary; and 7) increase in the number of employees from 65 full-time employees and ten (10) part-time employees to 75 full-time and five (5) part-time employees. The project is located at 7900 St. Helena Highway on a 49.3 acre parcel on the west side of St. Helena Highway north of the intersection of St. Helena Highway and Oakville Cross Road, Oakville, CA, within the AP (Agricultural Preserve) zoning district (Assessor's Parcel # 031-120-007).

Staff Recommendation: Adopt the Negative Declaration and approve the Use Permit Major Modification, as conditioned.

Staff Contact: Shaveta Sharma, (707) 299-1358 or shaveta.sharma@countyofnapa.org

Applicant Contact: Gary Caravantes, (707) 948-2421 or gary.caravantes@opusonewinery.com

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Adopt the Negative Declaration based on Findings 1-7 of Exhibit A; and
2. Approve Use Permit Major Modification based on Findings 8-12 of Exhibit A, and subject to the Conditions of Approval (Exhibit B).

Discussion:

Opus One Winery was established on February 1989, by approval of Use Permit #88889 for a 82,000 gallon per year winery and the construction of a 60,000 s.f. winery building. Although approved prior to the adoption of the Winery Definition Ordinance (WDO), the use permit authorized tours and tastings by appointment only. However no specific level of visitation was included in the request or approval. There were subsequent use permit modification approvals to expand the facility by 20,000 s.f. and to increase production up to 110,000 gallons per year.

The project as it exists is compliant with respect to all structures and uses on the property. However, the applicant has volunteered that they have exceeded annual wine production since 2012. The applicant is therefore requesting to expand the existing winery to increase in annual production from 110,000 gallons per year to 250,000 gallons per year. In addition, the project includes construction of a 51,906 s.f. addition to the rear of the existing winery building; recognize and increase daily tours and tastings by appointment; add a marketing program; construct additional parking spaces; expand the wastewater system capacity; and increase the number of employees.

This proposal has been analyzed for its environmental impacts, which were found to be less than significant. Staff believes there is adequate rationale to support approving the winery's production and facility expansion as proposed as follows: winery does not conduct drop in visitation; proposed visitation and marketing levels are consistent with the levels granted to peer wineries; existing access off Highway 29 can accommodate the expansion without discernibly changing traffic volumes on the highway; the winery sits is on a large parcel; wine production is predominately from estate grown fruit; substantial distance of the winery to any neighbors; design complies with all General Plan and Zoning Code regulations; there is no vineyard removal; and, no impacts to sensitive creek habitat on site.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

Consideration and possible adoption of a Negative Declaration. According to the proposed Negative Declaration, the proposed project would the project would not have any potentially significant environmental 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: Opus One Winery

Winery Applicant: Opus One Winery, Gary Caravantes, 7900 St. Helena Highway, (707) 948-2421

General Plan Designation: AR - Agricultural Resource

Zoning: AP - Agricultural Preserve

Filed: May 27, 2014 **Resubmittals :** July 24, 2014; March 26, 2015; November 18, 2015; January 25, 2016

Complete: March 30, 2016

Winery Development Area:

Existing: 124,096 sq.ft.

Proposed: 180,884 sq.ft.

Production Capacity:

Existing: 170,590 gallons in 2012; 116,580 gallons in 2015

Approved: 110,000 gallons per year

Proposed: 250,000 gallons per year

Visitation:

Existing: By-appointment Tours and Tasting by appointment, for up to 165 persons Monday through Friday and 500 persons on Saturday and Sunday, and a weekly average of 1,200 persons

Original Approval - Tours and tasting by appointment, but otherwise unspecified

Proposed: Increase by-appointment Tours and Tasting to 200 persons Monday through Friday and 500 persons Saturday and Sunday, and a weekly maximum of 1,450 persons per week

Number of Employees:

Existing: 65 FT and 10 PT

Approved: 64 FT and four (4) PT

Proposed: 75 FT and 5 PT

Hours of Operation:

Existing: 7:00 AM - 5:00 PM seven days per week

Proposed: 7:00 AM - 5:00 PM seven days per week

Marketing:

Approved: No marketing plan outlined in previous approvals

Existing: 20 events annually with up to 300 guests (all events include catered food service and all figures are max)

Proposed: Replace existing marketing program with the following: 10 events for 10 guests, 10 events for 25 guests, 10 events for 100 guests, and five (5) events for 300 guests

Parking:

Existing: 107 spaces

Approved: 93 spaces

Proposed: 122 spaces

Parcel Size: 49.3 acres

Winery Coverage:

Existing: 4.6% (25% allowed)

Proposed: 6.8% (25% allowed)

Accessory/Production Ratio:

Existing: 28%

Proposed: 36%

Adjacent General Plan Designation/Zoning / Land Use:

Opus One owns two contiguous properties that are bordered on three sides by State Highway 29 to the west, Oakville Cross Road to the south, and the Napa River to the east. Each property consists of 49.3 acres. The easterly most property includes the existing Opus One winery, vineyards, wastewater treatment pond, and the farm management facility. The westerly most property is planted in vines. The southwest corner of the vineyard property is zoned CL, (Commercial Limited) adjoining Highway 29, Oakville Cross Road and the Oakville Grocery.

North: AP- Agricultural Preserve - Two parcels adjoin the project site and adjacent vineyards owned by Opus One; an 8-acre parcel to the northeast with vineyards and a single-family residence, and a 4.25-acre parcel to the northwest with two residences. Beyond are Nickel & Nickel winery, Turnbull Cellars, vineyards and scattered residences.

South: AP- Agricultural Preserve - Immediately across Oakville Cross Road from the development area are two properties under the same ownership; a 16.7-acre "L"-shaped parcel with aboveground wastewater treatment ponds, that includes open land to the east of the ponds that adjoins the Napa River, and a 1.2-acre parcel with a residence. To the west of these two parcels is a 22.7-acre vineyard. The Napa Wine Company is located at the southeast corner of Highway 29 and Oakville Cross Road.

East: AP-Agricultural Preserve - The eastern boundary of the project site abuts the Napa River. Across the river are two parcels; a 49.8 acre property with vineyards and a single-family home adjoining Oakville Cross Road and a 16-acre property with vineyards and two residences. Beyond are vineyards and scattered residences.

West: AP- Agricultural Preserve - The adjacent 49-acre vineyard is owned by Opus One Winery. The vineyard adjoins Highway 29 and Oakville Cross Road, to the west and south, respectively, and surrounds Oakville Grocery on three sides. Across the highway are vineyards and facilities owned by the Napa Valley Wine Train. The Robert Mondavi winery is slightly to the northwest of the Opus One vineyard property.

Nearby Wineries (located within one mile of project):

Refer to the attached spreadsheet. (Attachment A)

Property History:

1989 - Use Permit #88889 was approved by the Planning Commission to establish a 82,000 gallon per year winery and construct a 60,000 s.f. structure production building, including a 400 s.f. commercial kitchen and 1,320 s.f. tasting room. Tours and Tastings by appointment were included in the request and approval; no number of visitors was specified. The winery included 56 parking spaces.

1990 - Use Permit #U88889-MOD was approved by the Planning Commission to add 20,000 s.f. of production space to the existing winery building. No other changes were requested or approved.

2002 - Use Permit #02373-MOD was approved by the Planning Commission to increase production from 82,000 gallons per year to 110,000 gallons per year. No other changes were requested or approved.

2008 - Use Permit #P07-00745-MOD was approved by the Planning Commission to construct a 14,324 s.f. farm management facility, that will house tractors and equipment, provide storage for supplies, have a workshop for repairs and provide some office area. No other changes were requested or approved.

Code Compliance History:

Structures allowed by use permit/building permit and the winery are in compliance at this time and there is no Notice of Violation on the property. The applicant acknowledges that approved wine production levels have been exceeded since 2010, with the highest production occurring in 2012 at 170,590 gallons. Approval of this project would resolve this compliance issue. Alternatively, if this application is denied, the winery would have to limit production in upcoming years to no greater than 11,000 gallons per year averaged over three years.

Discussion Points

Setting - The ± 49.3 acre, rectangular-shaped parcel is bound to the east by the Napa River, to the north by an 8-acre parcel with a residence and vineyard, to the south by a 16-acre parcel including an agricultural waste water treatment facility and a residence, and to the west by a 49.3 acre parcel including vineyards for the Opus One winery. The project site is developed with an existing 80,000 s.f. winery building and associated vineyards and has been in use since the early 1990s. A farm management building, approximately 14,324 s.f. in size, was added in 2008, the improvements are adjacent to a paved access road used for employees and deliveries. According to the United States Department of Agriculture, Soil Conservation Service, Soil Survey of Napa County, California, about one-third of the property consists of Bale Loam with 0-2% slopes; the northern one-third consists of Bale Clay loam, with 0-2% slopes, and the eastern portion consists of Yolo Loam with 0-2% slopes; the site generally drains from southwest to northeast into the Napa Valley River which borders the eastern property line. The property vicinity is within the Napa Valley River Watershed. The closest residences to the property are located 1,100 feet away to the north and south.

Winery Operation Proposal – The applicant proposes to increase annual production from 110,000 gallons per year to 250,000 gallons per year; construct a 51,906 s.f. addition to the rear of the existing winery building which will include: a fermentation tank room, barrel preparation areas, barrel storage, equipment storage, wine tasting and visitor center with veranda, wine case goods storage, offices, conference rooms, breakrooms, restrooms, and extension of a loading dock; construct 15 new parking spaces, including three handicap spaces, for a total of 122 parking spaces; provide higher aeration capacity for the existing wastewater system as necessary; and increase in the number of employees from 65 full-time and 10 part-time to 75 full-time and 5 part-time. The project site has an existing driveway meets Napa County Road and Street Standards. The proposed building addition meets all required setbacks and will match the architectural style of the existing facility. The applicant has provided visitation data supporting the existing daily tours and tastings numbers, as well as to establish the existence of marketing vents. The data indicated the applicant had about 20 marketing events a year on average, with primarily the larger events already taking place and the smaller events being added as part of this application. The historical visitation data and the fact that the current wastewater treatment system capacity is sufficient to support the historically level of visitation the applicant has stated as existing is sufficient evidence to support the numbers used by the applicant, in lieu of previous conditions of approval specifying visitation for the winery.

As a pre-WDO winery the current application is subject to the 75% grape sourcing rule only for the increased in production of the 140,000 gallons requested as part of this entitlement. Additionally, the current application does

include an expansion of the winery development area, typically this would involve ensuring drop-in visitation is restricted to the original size of the tasting room. However, in this instance the applicant has chosen to always conduct visitation by appointment since its operations began, as result the proposed expansion does not affect pre-WDO rights.

Tours & Tasting/Marketing Events – Please note that staff has attached a Winery Comparison Chart to this report for informational purposes. It should be noted that Opus One Winery is above average of the wineries within its production range compared to "By Appointment Only" wineries of similar wine production in daily visitation and events per year. However, the winery is below average on daily visitation compared to fellow Pre-WDO wineries. While Opus One is a pre-WDO winery, the County's database does not have marketing events activity for the Pre-WDO comparison wineries, and as such cannot make a comparison in that respect.

Visitation -- The approved pre-WDO Use Permits did not define the level of daily tours and tastings authorized as part of the project, other than specifying that visitation would occur by appointment only. Since the visitation levels were not defined in earlier Use Permits it does not allow for unlimited visitation, but instead the Planning Commission will have to make a determination of the existing pre-WDO level rights as part of this application. However, simply because the level of existing visitation is not defined does it follow that the applicant is in excess or violation of approved visitation. Consistent with current practice, the level of visitation approved will be made explicit as part of this approval. The applicant has stated and provided visitation numbers to support the 165 weekday visitors, 500 weekend visitors, and 1,200 weekly visitors that is used as the existing baseline for the application. The existing wastewater treatment that was installed with the original winery operations was adequate to accommodate the level of visitation claimed, and therefore the existing levels are considered consistent with existing entitlements. As part of this application, a request to increase weekday visitation to 200 visitors and 1,450 weekly visitation. Tours and tastings occur in the tasting room on the upper level, and the grand tasting room and tasting library in the lower level, with the expansion additional tasting areas on the upper level are proposed. The winery has a commercial kitchen and does provide food for tours and tastings, as well as the smaller marketing events. The total tasting room area within the building will be 3,151 sq. ft., the outdoor terrace and veranda are not included in this number, but would include an additional 798 sq. ft. for tasting and tours.

The applicant has stated that marketing events have taken place at the winery since its opening and has provided details of the events and guests dating back to 1999. The administrative record for the original, and subsequent Use Permits, do not provide any information on marketing activities. Use Permits from the 1980s, leading up to the adoption of the WDO are varied in how they address marketing. Some pre-WDO permits simply state the extent of marketing events, other reference marketing and do not define the extent, and others are silent on the matter, as is the case with Opus One. Therefore, in order to determine the level of marketing entitled in the past use permit, it is necessary to look at the physical improvements permitted that support purported levels of marketing. In the case of Opus One, a commercial kitchen permit was issued in the 1991 and installed with the original construction of the winery. The existing wastewater system is also sized to accommodate the marketing events in addition to the visitation at the winery. Consequently, it is reasonable to conclude that marketing events with food service were within the intended scope of the original Use Permit, since a commercial kitchen was considered and integral to serving food at events, and there would be no other purpose to establishing a commercial kitchen at the winery.

Traffic & Parking – The project site is located along State Route 29 (SR-29) which provides the primary access to the project site driveway, with secondary access provided by Oakville Cross Road. The two existing winery driveways meet County Standards and sight distance requirements, and has adequate queuing capacity. The secondary access is primarily for employees, with visitors using the SR-29 access. The project includes the construction of an expanded winery building, additional hospitality functions, and office uses. As part of the overall Use Permit modification proposal, the existing winery would increase production from 116,580 gallons of production in 2015 to 250,000 gallons and would slightly increase overall employment from current levels. While the winery is currently producing above their maximum approved production, it is not a Code violation. The County recognizes that individual harvests may be more fruitful and applies a three year average to determine compliance.

Approval of this application would ensure that the winery remains in compliance. In addition, there would be a moderate increase in current guest visitation levels from 1,200 weekly visitors to 1,450 weekly visitors. Marketing activities would primarily occur outside the weekday peak traffic periods, with at least 80% scheduled outside the weekday peak traffic periods (7:00-8:00 AM; 4:00-6:00 PM), and weekend peak traffic period (1:00-4:00 PM). The applicant submitted a traffic study prepared by Omni-Means Engineering Solutions dated February 12, 2016 to supplement the application. The traffic study evaluated the trip generation from the project as it relates to short-term (Year 2016) and long-term (Year 2030), and cumulative traffic conditions. The study found that there would be no potentially significant impacts to traffic as a result of the proposal in either the short-term, long-term, or cumulative conditions.

The proposed modifications to the project site would generate 61 net new daily trips during the weekday and zero net new daily trips during the weekend periods (respectively) based on normal weekday and weekend operations. There would be an increase of 23 weekday PM peak hour trips and zero weekend mid-day peak hour trips with proposed project uses over existing conditions. This increase in daily and peak hour net new roadway trips represents the difference between existing traffic operations (that reflect current winery activities) and ultimate use modification requests. Currently, the winery is averaging approximately 165 visitors a day and 500 visitors on its busiest day (Saturday). The proposed use modification would increase these visitation levels to approximately 200 visitors on average on a weekday for daily tours and tastings with weekend visitation unchanged at 500 visitors on its busiest day (maximum). Employment levels would increase slightly during the weekdays from an average of 65 employees per day to 75 per day (employment would remain unchanged on the weekend). Overall production would increase from 116,580 gallons to 250,000 gallons (annually).

The winery was approved to have 33 full-time and four (4) part-time employees as part of its original entitlement. The winery currently employs 65 full-time and 10 part-time employees, which is on the high end for similarly sized wineries. At present, the winery employs 30 office employees who work at this facility and the current request would increase employment to 75 full-time and 5 part-time, of which one or two new positions would be for office work. The remaining eight full-time and 5 part-time employee increase would be part of hospitality and production roles. Staff finds the requested increase in employment supportable because the increase in jobs predominately supports the production and sale of an agricultural project made at the facility, and as such is reasonably considered "agriculture" as set in the General Plan and zoning. The existing 30 office jobs at the winery raise some question of consistency with the current definition of "agricultural", however they are a vested Pre-WDO right exercised before County regulations required all activities at wineries to be directly related to the production and sale of wine at the facility. Therefore, the level of office employment can continue and is considered a legal conforming conditional use under Zoning. However, it should be noted that staff would not support the expansion of corporate office jobs at a winery site. The County's Industrial Park has suitable land and building space for office uses, which is a more suitable area for nonagricultural jobs in terms of roadway capacity/function and proximity to housing and services.

Groundwater Availability - The project is not expected to substantially deplete local groundwater supplies. The three current wells on-site produce at 50, 18, and 8 gpm respectively. The projected water use for the project is 19.62 AF/YR. Current water use for the vineyard is 12.3 AF/YR and will remain the same. The vines do receive frost protection, but that is supplied from the treated wastewater. The winery currently uses 3.88 AF/YR and will use 6.67 AF/YR as a result of the proposed expansion. Landscaping currently utilizes 0.4 AF/YR and will be halved to 0.2 AF/YR as the landscaping is reduced in half. The Farm Management Building utilizes 0.45 AF/YR and that will remain unchanged with the proposal. Due to the project's location on the Valley Floor, the project has a fair share water allotment factor of 1.0 acre-foot per acre. For this project multiplying the parcel size by the fair share factor results in a 49.3 AF/YR allotment. The proposed water use of 19.62 AF/YR is an increase of 2.59 AF/YR, well below the available groundwater of 49.3 AF/YR available to the site.

Grape Sourcing - The applicant currently uses 95% estate grapes in their wines and 100% Napa Valley grapes. No changes in grape sourcing are proposed or considered in this application.

Greenhouse Gases/Climate Action Plan - 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 will incorporate several measures GHG reduction methods including: habitat restoration, alternative fuel and electrical vehicles in fleet, energy conserving lighting, energy star roof/cool roof, connection to recycled water, low-impact development, recycle 75% of all waste, intend to become a "Napa Green Winery".

Public Comments - At the time this staff report was prepared, staff had received no comments from the public.

Consistency with Standards

Zoning - The project is consistent with the AP (Agricultural Preserve) zoning district regulations. A winery (as defined in the Napa County Code Section 18.08.640) and uses in connection with a winery (refer to Napa County Code Section 18.16.030) are permitted in the AP District with an approved use permit. The project, as conditioned, complies with the Napa County Winery Definition Ordinance and all other requirements of the Zoning Code as applicable.

Engineering Services Division - Recommends approval with standard conditions in the attached Memorandum dated March 23, 2016.

Environmental Health Division - Recommends approval with standard conditions in the attached Memorandum dated May 9, 2016.

Fire Department- Recommends approval with standard conditions in the attached Memorandum dated May 9, 2016.

Decision Making Options

As noted in the Executive Summary Section above, Staff is recommending approval of the project with conditions of approval as described in Option 1 below. Decision making options also include a reduced development alternative and no project alternative.

Option 1 – Approve Applicant's Proposal

Disposition – This option expands the operations of an existing winery to increase in annual production from 110,000 gallons per year to 250,000 gallons per year; construct a 51,906 s.f. addition to the rear of the existing winery addition; construct 15 new parking spaces for a total of 122 parking spaces; and increase in the number of employees; and upgrade infrastructure to accommodate the increased marketing and visitation requested.

Action Required – Follow proposed action listed in the Executive Summary. If conditions of approval are to be amended, specify conditions to be amended at time motion is made. This option has been analyzed for its environmental impacts, which were found to be less than significant without mitigation.

Option 2 – Reduced Hospitality Alternative

Disposition – This option could result in a potential decrease in the proposed tours and tastings and/or the proposed marketing program. Specifically, adjustments to the visitation and the marketing program could be reduced. The applicant has committed to constructing the necessary infrastructure to accommodate the proposal.

Action Required- Follow proposed actions listed in the Executive Summary and amend scope and project specific conditions of approval to place limits on use. If major revisions of conditions of approval are required, the item will

need to be continued to a future date.

Option 3 – Deny Proposed Modification

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

Action Required – Commission would take tentative motion to deny project and remand the matter to staff for preparation of required finding to return to the Commission on specified date.

Option 4 –Continuance Option

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

SUPPORTING DOCUMENTS

- A . Winery Comparison Analysis
- B . Exhibit A- Findings
- C . Exhibit B- Conditions of Approval
- D . Agency Comments
- E . Previous Approvals
- F . Initial Study/Negative Declaration
- G . Use Permit application packet
- H . Water Availability Analysis
- I . Wastewater Feasibility Study
- J . Traffic Study
- K . Stormwater Control Plan
- L . Graphics

Napa County Planning Commission: Approve

Reviewed By: Charlene Gallina