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Agenda Date: 6/17/2015  
Agenda Placement: 9B  
Continued From: 6/3/2015

## Napa County Planning Commission Board Agenda Letter

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**TO:** Napa County Planning Commission

**FROM:** John McDowell for David Morrison - Director  
Planning, Building and Environmental Services

**REPORT BY:** Charlene Gallina, SUPERVISING PLANNER - 299-1355

**SUBJECT:** Reverie on Diamond Mountain Winery Use Permit Modification

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### **RECOMMENDATION**

**REVERIE ON DIAMOND MOUNTAIN WINERY / REVERIE ON DIAMOND MOUNTAIN, LLC. - USE PERMIT MAJOR MODIFICATION NO. P13-00027 and USE PERMIT EXCEPTION TO THE CONSERVATION REGULATIONS NO. P15-00141**

**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 lists of hazardous waste sites enumerated under Government Code Section 65962.5.

**Request:** Request for approval of a modification to Use Permit #94254-UP, a Use Permit Exception to the Conservation Regulations (P15-00141) and an Exception to the Napa County Roads & Street Standards to allow the following: A) Recognize and authorize an increase the approved production capacity from 5,000 to 9,200 gallons per year; B) Recognize and authorize the 1,460 sq.ft. (Second Floor) of the winery building allocated to accessory use; C) Recognize and authorize the use of the 4,710 +/-sq.ft. cave for wine production, case storage and wine barrel storage and once fire sprinklers are installed use of the cave for tours, tastings and some events (Cave spoils were kept on the property and used to improve the vineyard roads); D) Recognize and authorize an increase in the approved "by appointment visitation" of 20 persons per day with an average of 20 per week to a maximum of 40 persons per day with an average of 200 persons per week; E) Recognize and authorize expansion of the existing marketing plan from the following: 1) tours and tastings for wine trade personnel at 10 persons per year with 5 to 10 (average 6) persons per event; 2) private promotional dinners at 4 per year with 6 to 18 (average 12) persons per event; and 3) wine auction related events such as barrel tastings and auctions at 2 per year with an average attendance of 25 persons to allow 1) 4 events per year with up to 60 persons; 2) 2 events per year with up to 40 persons; 3) 12 events per year with up to 10 guests; and 4) participation in the wine auction; F) Recognize and authorize an increase in the approved number of employees from 2 employees plus 1 temporary employee during harvest to a maximum of 5 employees; G) Recognize and authorize on-premise consumption of the wines produced on-site, consistent with Business and Professions Code §§23356, 23390, and 23396.5 (also known as AB 2004 (Evans 2008 or the Picnic Bill) within the winery building and improved lawn areas, and under the mature

redwood grove; H) Recognize and authorize catered food pairings; I) Abandonment of an existing septic system and the installation of a new code compliant domestic and winery waste system. Both hold and haul and rapid aerobic treatment with storage are proposed; J) Installation of a new well; K) Installation of a new automatic storm water diversion valve and a temporary crush pad cover; and L) Installation of a new ADA compliant parking space.

The proposal also includes a Use Permit Exception (#P15-00141) to the Conservation Regulations with regards to retention of the following 1) the portal for the existing wine cave encroaches into the 45 ft. creek setback for the small tributary creek on the property; and 2) the minor landscaping improvements along a portion of Teale Creek that are within the required setback of that creek. The proposal also includes an Exception to the Napa County Road & Street Standards (RSS) to allow for a reduction in the required 20 foot roadway width to preserve unique features of the natural environment.

The project is located on a 39.83 acre parcel approximately 1,000 feet west of Diamond Mountain Road and approximately 4,000 feet from its intersection with State Highway 29/128, within the AW (Agricultural Watershed) Zoning District; 1530 Diamond Mountain Road, Calistoga, CA, APN: 020-440-005.

**Staff Recommendation:** Adopt the Negative Declaration and approve the Use Permit Modification, Use Permit Conservation Regulation Exception, and Road & Street Standard Exception request as modified and conditioned.

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**Applicant Contact:** Scott Greenwood-Meinert, (707) 252-7122, or [ScottGM@dpf-law.com](mailto:ScottGM@dpf-law.com)

**CONTINUED FROM THE JUNE 3, 2015 REGULAR MEETING.**

## **EXECUTIVE SUMMARY**

### **Proposed Actions:**

That the Planning Commission:

1. Adopt the Negative Declaration for the project based on Findings 1-6 of Exhibit A;
2. Approve an Exception to Road & Street Standards based on Findings 7-8 of Exhibit A, and subject to the Conditions of Approval (Exhibit B); and
3. Approve Use Permit Major Modification (P13-00027-MOD) and Conservation Regulation Exception Findings (P15-00141) based on Findings 9-20 of Exhibit A, and subject to the Conditions of Approval (Exhibit B).

### **Discussion:**

The Planning Commission conducted a public hearing on this item on June 3, 2015. After close of the public hearing, where testimony was received from staff, the applicant and interested parties, the Planning Commission took a tentative action to approve a modified version of the project and continued the item to June 17, 2015 to allow staff to return with updated findings and conditions of approval consistent with the Commission's tentative action. Preparation of the revised findings and conditions of approval involved consultation with the applicant especially in regard to defining options for offsetting stream corridor enhancement necessary to meet the findings required for grant of a conservation use permit exception. During consultation with the applicant's representatives, they expressed a desire to propose revisions to their original visitation and marketing program which was not endorsed

by the Commission at the June 3, 2015 hearing. On June 9, 2015, the applicant's representative provided a letter (attached) requesting consideration of both the revised visitation/marketing program, as well as, details on where offsetting environmental enhancement can occur on the property. Correspondence has also been received from other interested parties expressing concerns about the project.

Since the public hearing was closed at the previous meeting, for this meeting it is requested that the Commission reopen the hearing to accept and consider the new evidence admitted to the record; allow limited testimony regarding the new evidence and staff's proposed conditions of approval; and then take a final action.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

According to the proposed Negative Declaration, the proposed project would have no potentially significant environmental impacts. This project site is not on any of the lists of hazardous waste enumerated under Government Code Section 65962.5. See June 3, 2015 staff report and attachments for further details.

### **BACKGROUND AND DISCUSSION**

See June 3, 2015 for project details. This staff report contains only updates in response to the Commission's June 3rd tentative action.

#### **Discussion Points:**

Revised Conditions of Approval - The Commission's tentative action of June 3, 2015 consisted of a series of 'straw votes' of individual components of the proposal. Many of the Commission's straw votes were not unanimous. Overall, there was a majority of the Commission that supported approving expansion of the previously approved use permit, but not to the extent requested by the applicant. Attached Exhibit B contains updated proposed conditions of approval (in tracked change format) based on staff's understanding of the Commission's direction. In summary, the revised approval action would include: a) increasing wine production from 5,000 gallons to 9,200 gallons annually with a condition on estate grown grapes; 2) approval of the cave; 3) retention of the outdoor visitation areas except as modified by the restoration project; 4) inclusion of a restoration project in concert with granted of a use permit exception allowing cave and drive aisle improvements within a creek setback; 5) requiring on-site wine waste sewage treatment; 6) no increase in visitation and marketing levels; 7) no visitation and marketing to be conducted within the cave; and 8) conversion of the second floor guest quarters to winery use.

It is requested the Commission consider the revised conditions, including consideration of all new evidence presented since June 3, 2015, and move forward with a final action. In the event the proposed conditions of approval (and required findings) require additional changes to meet Commission expectations, staff stands ready to implement those changes at the meeting, although substantial changes may necessitate a short meeting recess to allow staff sufficient time implement updates.

Applicant's Revised Visitation and Marketing Program - Prior to and at the June 3, 2015 hearing, there was substantial correspondence received from various parties, including the June 2, 2015 applicant narrative

concerning their proposed visitation and marketing program. This piece of correspondence detailed the applicant's rationale for the level of visitation and marketing requested. The applicant's June 9, 2015 correspondence revises the originally proposed number downward, and requests that the Commission reconsider its tentative motion to retain visitation levels at the level approved in the original permit.

The attached proposed conditions of approval are reflective of the Commission's tentative motion. The June 3, 2015 staff report, including attachments from staff and the applicant, contain information on comparison wineries. The Commission is under no obligation to reconsider its tentative motion, but staff recommends that the Commission receive limited additional testimony on this topic and then determine as part of the final action the appropriate level of visitation and marketing to apply as an accessory use to the wine production at this facility.

Hold and Haul Sewage Program - A majority of the Commission expressed an intent to require on-site wine process sewage to be treated on-site as opposed to allowing a hold and haul system. In response, the applicant's latest correspondence acknowledges that an on-site system will be installed, but requests that installation cannot be completed until after this year's harvest. Staff supports allowing hold and haul for this year's crush, and has addressed this in the proposed conditions of approval by requiring the new on-site system to be completed prior to the following year's crush activities commencing.

Estate Grown Grapes - The majority of the Commission expressed an intent to require use of estate grown grapes as part of the production increase request. Staff has included a condition that the production increase (4,200 gallons per year) be restricted to the use of estate grown grapes, and that the applicant keep records of annual production documenting such source to verify compliance with this condition.

Additional Correspondence - Attached are comments received during the June 3, 2015 hearing, and prior to the issuance of this staff report. In the event additional correspondence is received prior to the hearing, it will be forwarded to the Commission by the Commission's Clerk and made available to all interested parties.

#### **SUPPORTING DOCUMENTS**

- A . Exh. A - Revised Findings
- B . Exh. B - Draft Conditions of Approval
- C . Applicant Proposal - Restoration Plan & Other
- D . Public Comments
- E . Public Comments Received - June 3, 2015
- F . Previous Staff Report - June 3, 2015

Napa County Planning Commission: Approve

Reviewed By: John McDowell