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Agenda Date: 7/16/2014

Agenda Placement: 9C

Continued From: June 6, 2012 and June 20, 2012

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission

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

REPORT BY: John McDowell, Deputy Planning Director - 299-1354

SUBJECT: Raymond Winery Use Permit Modification # P11-00156

RECOMMENDATION

RAYMOND VINEYARDS AND CELLAR / RAYMOND VINEYARDS WINERY USE PERMIT MAJOR MODIFICATION APPLICATION NO. P11-00156

CEQA Status: Mitigated Negative Declaration Prepared. According to the proposed Mitigated Negative Declaration, the project would have potentially significant effects on Hydrology/Water Quality and Transportation/Traffic. The project site is not on any of the lists of hazardous waste sites enumerated under Government Code sec. 65962.5.

Request: Approval of Use Permit Major Modification #P11-00156 requesting the following changes to the existing Raymond Vineyard Winery Use Permit, File No. U-89-46: 1) Increase daily tours and tastings from 400 to 500 visitors (400 public and 100 by-appointment-only visitors); 2) Adoption of a revised marketing plan to allow 50 total events, not to exceed 8 events per month: (a) 2 events per year for up to 500-people; (b) 4 events per year for up to 250-people; (c) 6 events per year for up to 150-people; (d) 12 events per year for up to 100-people; (e) 26 events per year for up to 50-people; and (f) One weekend per month in May through October to not include an event exceeding 100 persons; 3) No change in annual wine production of 750,000 gallons per year (averaged over 3 years not to exceed 900,000 gals in any one year); 4) Expansion of the domestic wastewater treatment system; 5) Construction of 50 additional parking spaces for a total of 130 parking spaces; 6) Inclusion of food pairing as part of wine tastings and tours; 7) Construction and use of an outdoor demonstration kitchen as part of the tours and tastings experience; 8) Construction of a left-hand turn lane on Zinfandel Lane; 9) Recognition and remodeling of an existing 855 sq. ft. pool house used for private tastings; 10) Construction of a vineyard viewing platform; 11) Increase daily tours and tastings hours of operation from 10 am to 4 pm to 10 am to 6:30 pm; 12) Increase wine production hours of operation from 6 am to 6 pm to 6 am to 11 pm; 13) Increase the number of employees by 66 from 24 to 90; 14) Interior modifications, including the conversion of 10,670 sq. ft. of production space to accessory space, including relocating an entitled commercial kitchen from building "C" to building "A"; 15) Modify the existing conditions of approval to allow for outdoor events; 16) Conversion of the existing residential swimming pool to landscaping; 17) Recognition of an existing dog run and structures for use by visitor's pets; 18) Allowance of outdoor consumption of wine produced and purchased on-site within the outdoor visitation area between Building

A and the existing residence, consistent with AB 2004 (Evans), and 19) Display of public art within one-acre of landscape. The project is located on a 60.72 acre lot located on the south side of Zinfandel Lane approximately 0.3 miles east of its intersection SR 29, within Agricultural Preserve (AP) zoning district. (Assessor's Parcel Number 030-270-013 &-031). 849 Zinfandel Lane, St. Helena, California, 94574

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

Staff Contact: John McDowell, Deputy Planning Director, (707) 299-1354 or john.mcdowell@countyofnapa.org

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission: 1. Adopt the Mitigated Negative Declaration and Mitigation Monitoring Program based on Findings 1-6 of Exhibit A; and

2. Approve Use Permit Modification #P11-00156 based on Findings 7-11 of Exhibit A and subject to the recommended Conditions of Approval in Exhibit B.

Discussion:

Raymond Winery Use Permit Major Modification P11-00156 was originally heard by the Planning Commission in June, 2012. At the time, the proposal included an expansion in wine production capacity from 750,000 gallons of wine annually to 1,500,000 gallons of wine annually, in addition to the general site improvements and visitation changes included in the current request. The June hearings were well attended by interested parties expressing both support and opposition to the project. During the course of the hearings it was purported that the existing operation was exceeding the approved annual wine production capacity, and was out of compliance with the Napa County grape sourcing rule (the "75% rule"). The existing entitlement requires all production exceeding 250,000 gallons annually to contain at least 75% Napa County fruit in accordance with Winery Definition Ordinance (WDO) provisions of Napa County Code. In light of this new information, the project was continued to July 2012 to allow time for the applicant and Staff to respond to these comments. Prior to the July 2012 hearing the project was dropped from the agenda in response to the applicant expressing an intent to both revise the use permit modification proposal and to adjust existing operations to bring the existing facility into compliance with current use permit entitlement and zoning requirements.

Requested in the revised proposal is an increase in daily by-appointment visitation by 100 visitors for a total of 500 maximum visitors daily, and adoption of a revised marketing plan for 50-annual events per year with events ranging in size from 50 to 500 attendees. The applicant also seeks authorization to increase employees from 24 to 90, as well as alterations to both interior and exterior areas to increase accessory visitation areas. Some of these improvements, and the level of employment, were previously implemented without benefit of permit. The applicant is seeking to reconcile these compliance issues with this permit.

With reservations, Staff is recommending approval of the project with conditions of approval. In resolving code violations, it is sometimes appropriate to grant approval of a improvements and/or activities that have already been implemented without benefit of permit. In this case, a number of interior and exterior visitation components have been added, and employment levels have been increased without prior authorization. In approaching this conundrum, Staff evaluated the increased employment and site improvements from a prespective of whether they could be supported if they had not yet been implemented. From this prespective, the changes (in the revised proposal) are generally in keeping with what has been approved at other similar large and older winery

developments, and are consistent with the provisions of the WDO. Increasing by-appointment visitation, major revision to marketing plans, and expansion of both by-appointment interior tasting rooms and outdoor visitation areas have been somewhat common at many other pre-WDO facilities, and appear to be necessary for the businesses to stay current with market trends, especially the push toward direct to consumer wine sales. The most recent example of a similar expansion was the Martini Winery located south of St. Helena, although it should be noted that Martini Winery had no code violations and have yet to implement the approved changes to their permit. Therefore, given that the current proposal appears to be consistent with County Code (as conditioned), and in keeping with approvals for other similar projects, Staff is compelled to support the current request.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

Mitigated Negative Declaration prepared. According to the proposed Mitigated Negative Declaration, the project would have potentially significant effects on Hydrology and Water Quality and Transportation/Traffic unless mitigation measure are adopted. 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: Raymond Vineyard and Cellar

Representative: Tom Blackwood (707) 526-9111

Zoning: Agricultural Preserve (AP)

General Plan Designation: Agricultural Resource (AR)

Original File Date: July 2011

Revised Submittal Dates: December 23, 2011, May 1, 2012, February 7, 2014

Complete: April 7, 2014

Winery Size - Existing: +/- 259,009 square feet

Winery Size - Proposed: +/- 260,235 square feet

Production Capacity - Existing: 750,000 gallons per year

Production Capacity - Proposed: No change

Visitation - Existing: Public, pre-WDO tours and tastings; 400 people per day

Visitation - Proposed: 500 people per day, 400 public and 100 by-appointment

Number of Employees - Existing Entitlement: 24 full-time

Number of Employees - Proposed: 90 full-time

Hours of Operation - Existing: Operations: 6 a.m. to 6 p.m. Monday-Friday; Outdoor Operations limited from 8 a.m. until 5 p.m.; Wine tasting and retail sales: 10 a.m. to 4 p.m. daily

Hours of Operation - Proposed: Operations: 6 a.m. to 6 p.m. Monday-Friday limited bottling operations only until 10 p.m. not to exceed 30 days per year. Wine tasting and retail sales 10 a.m. to 6:30 p.m., daily

Marketing - Existing:

493 total events annually

1 event daily for a maximum of 10 persons

2 events per week for up to 30 persons

2 events monthly for up to 100 persons

Marketing - Proposed:

50 total annual events, not to exceed eight per month. One weekend per month during the months of May through October will not have any events of more than 100 people:

2 events per year for up to 500-people;

4 events per year for up to 250-people:

6 events per year for up to 150-people:

12 events per year for up to 100-people:

26 events per year for up to 50-people

Parking - Existing Entitlement: 81 spaces.

Parking - Proposed: 130 spaces.

Parcel Size - Existing: 60.72 acres

Parcel Size - Proposed: No change.

Accessory/Production Ratio - Existing: 15,209 / 243,800 sq. ft., or 7%

Accessory/Production Ratio - Proposed: 26,406 / 260,235 sq. ft., or 11% (40% allowed)

Adjacent General Plan Designation/ Zoning / Land Use

North - AR General Plan designation – AW, AP, RS:B-1 Zoning Designations; Four +/- one-acre residential parcels are located directly across Zinfandel Lane. Located to the northwest includes a small residential subdivision with +/-0.25-acre lots.

South - AR General Plan designation – AP zoning; Directly south is a 24-acre lot developed with a single family home and vineyards, to the southeast and southwest are a 25-acre and 34-acre parcels also developed with single family homes and vineyards.

West - AR General Plan designation – AP zoning; Directly to the west are five +/-10-acre parcels that have street frontage on Highway 29 all of them are developed with vineyards and one of them with a single family dwelling. Abutting the west property boundary to the north for 1200 linear feet is another 10-acre vineyard parcel which has access from Zinfandel Lane.

East - AR General Plan designation – AP zoning; The southern 1,000 feet of the east property boundary is bound by an irregular shaped 32-acre parcel developed with vineyards and a residence which takes access from Galleron Lane. The north east boundary

includes a 27-acre parcel which is also owned by the Raymond Vineyards. There are two (1 acre and 1.45 acre) residential properties taking access from Wheeler Drive (entry to winery).

Nearby Wineries:

Kelham Winery- 360 Zinfandel Lane - 33,000 sq. ft. facility producing 75,000 gallons per year. 140 visitors per week by appointment only.

The Ranch Winery –105 Zinfandel Lane - 443,000 sq. ft. facility producing 12,500,000 gallons per year. 100 visitors per week.

Del Dotto Family Winery– 1445 St. Helena Hwy – 15,000 sq. ft. facility producing 48,000 gallons per year with 200 visitors per week by appointment only.

Whitehall Lane Winery - 1553 St. Helena Hwy – 25,000 sq. ft. facility producing 50,000 gallons per year with 500 visitors per week by appointment only.

Sullivan Family Estate – 1090 Galleron Lane – 5,000 sq. ft. facility producing 22,500 gallons per year with 49 visitors per week by appointment only.

Franciscan Winery – 1178 Galleron Lane – 119,000 sq. ft. facility producing 1,200,000 gallons per year with 3,500 public visitation per week.

Fleury Winery - 955 Galleron Lane - 20,000 gallons per year with 37 visitors per week by appointment only.

Zinfandel Lane Winery - 560 Zinfandel Lane - Approved by not yet constructed; 50,000 gallons per year with 125 visitors per week by appointment only.

Parcel History and Evolution of this Application

1973 - Planning Commission grants approval of a 19,799 sq. ft. facility and a 52,800 gallon per year public winery.

July 1975 – Planning Commission grants approval to convert a cabana to a farm labor dwelling (now the pool house).

1984 – Planning Commission grants approval of Use Permit Number 498384 to allow the increase from 52,800 gallons to 250,000 gallons per year.

April 1990 – Administrative Approval of Minor Modification to allow reconfiguration of building layouts approved as part of U-498384. February 1991 - The Planning Commission approves Use Permit 89-45 which allowed an increase in the production from 250,000 to 750,000 gallons per year (the additional 500,000 g/yr. is subject to the 75% grape source requirement), construction of a 67,800 sq. ft. winery production facility, and a marketing plan.

March 1996 – Zoning Administrator approves up to three custom wine producers/alternating proprietors for a combined total of up to 37,500 gallons of wine.

December 2007 – Approval of a Very Minor Modification to remove the custom crush restriction and allows unlimited alternating proprietors to crush up to 750,000 gallons of wine per year.

2009 – Boisset family purchased the Raymond Vineyard property.

2012 – Administrative Approval of Very Minor Modification P11-00458 allowing the construction of an outdoor canopy to cover outdoor production space that was approved as part of the 1991 use permit.

Code Compliance History

July 2010 - Administrative Approval of Very Minor Modification P10-00093 allowing interior modifications to include 8,129 sq. ft. of office improvement (this remedied a previous code enforcement action). Case Status: Closed.

2011 – Unauthorized Interior improvements made to convert offices to private tasting rooms, including the membership-only “Red Room”, the private by-appointment “Gold Room”, the “saddle room”, “educational room”, and the “library”. Unauthorized exterior improvements establishing an outdoor visitation area over by the residential swimming pool and former pool house, and construction of several outbuilding in the “Theater of Nature”. Case Status: Open.

2011 - A 10’ by 10’ vineyard viewing platform was constructed in the vineyard east of the winery without building permits. This structure was removed. Case Status: Closed

Discussion Points

Visitation and Marketing:

The current Raymond Winery entitlement enables substantial amounts of visitation and marketing. Daily visitation is permitted at 400 open-to-the-public guests, or a maximum of 2,800 guests per week. A total of 493 marketing events are allowed ranging from daily marketing for up to 10 guests, to 100-person events occurring up to 24 times per year. In aggregate, a total of 154,760 visitors are current allowed to the facility annually. Of that, 145,600 guests annually are permitted for standard tours and tastings, and 9,160 guests annually are permitted at marketing events.

The proposed changes to the visitation and marketing plans will raise daily visitation, by prior appointment, from 400 to 500 guests, or 700 guests weekly. Total number of marketing events would be reduced from 493 to 50, but the number of guests per event would be increased with smaller events for up to 50 attendees, and the largest events, held twice per year, allowing for 500 guests. Under this proposal, maximum annual visitation would increase by 21% to a total of 187,300 tasting and marketing combined. Tasting visitors would increase by 36,400, but marketing visitors would decrease by 3,860 guests.

Staff recommends down scaling the daily visitation. Although it is recognized that wineries need to update their visitation and marketing plans to remain competitive, it appears that a 21% increase in visitation for a facility that already has a very robust allowance for visitors may be excessive especially in consideration that the applicant is requesting to augment existing drop-in visitation rights to allow food pairings and on-site consumption under the Evan's bill. The increased visitation numbers and increase in number of employees put additional vehicles trips into a finite local roadway network. Staff is therefore recommending that visitation be limited to a maximum of 400 guests Monday through Thursday, with 500 guests allowed only on Friday through Sunday. In addition, Staff recommends that visitation not occur on the 6 days per year that events over 150 persons are occurring. Staff's proposed changes would reduce annual visitation by 18,600 guests. Total annual visitation would be 168,700 guests, or a 9% overall increase over the current entitlement.

Attached to this report is a comparison chart of wineries ranging in size from 200,000 gallons to 1,000,000 gallons annual production.

Wine Production

The original submittal included a request to increase wine production to 1,500,000 gallons annually. At the time, the applicant's planning consultant argued that both existing and proposed wine production were not subject to the 75% rule on the assertion that the project's Winery Development Area was not changing from what existed prior to 1991 (the year of WDO implementation). During the course of the 2012 hearings, it was discovered that the existing project was already required by a 1996 use permit modification (that expanded production) to comply with the 75% rule for all wine production exceeding 250,000 gallons. In addition, it was purported that the existing operation was likely producing greater than 900,000 gallons of wine annually since 2009 (the use permit allows a three-year running average of 750,000 gallons of wine production annually with no one year exceeding 900,000 gallons) and a substantial portion of that production was likely not compliant with the grape source rule. As a result, the use permit modification application was placed on hold and the applicant worked with County Staff to revise their current operation to bring it into compliance with both production limits and grape source requirements. Non-compliant production was shifted to other facilities in both Napa County and Sonoma County. In addition, the applicant revised their use permit modification request to eliminate the production increase. As with all other wineries, the applicant has the right to request a production increase in the future, but if requested, it would be subject to discretionary use permit modification review.

Noise

During the 2012 hearings, neighbors expressed concern regarding the extent of outdoor events and the then proposed outdoor amplification of music and speech. Over the course of the last two years, the applicant have revised their application to eliminate the request for outdoor amplification. County Code discourages amplification at outdoor events except that a discretionary Temporary Event permit may be granted up to three times year in accordance with Napa County Code Section 8.16. The Temporary Event permitted process is separate from the Use Permit Modification process, and such events are permitted on any property in the County. At this time, no Temporary Events are being requested or approved.

Attached to this report is a noise study evaluating outdoor events which also looked at the possibility of outdoor amplification. The study concludes that non-amplified noise from outdoor events would not be audible over existing background levels of noise for those residences in the general vicinity. It does however note that outdoor amplification would be audible and if implemented would some forms of sound attenuation to prevent sound from exceeding noise limits prescribed in County Code. The proposed project conditions of approval contain the standard Winery Condition of Approval prohibiting outdoor amplification.

Hours of Operation

The applicant is requesting the tours and tastings operations be increased from 10 a.m. to 4 p.m. to 10 a.m. to 6:30 p.m. This request is consistent with what has been requested in recent years for many new and expanding wineries throughout the County (Caravan Serai, June 2011, 8 p.m.; Reata, March 2012, 7p.m.; Cairdean, 6:30 p.m.; Krupp 6 p.m. June, 2012.) Staff supports the request, out of need to be consistent with what the County has been willing to grant for other facilities, but notes that only by-appointment visitation can occur past 4 p.m. By prior appointment visitation during this period has some potential to impact peak afternoon traffic congestion. Therefore, in the second traffic impact mitigation measure, which requires the implementation of a travel demand management plan, the permittee will be obligated to schedule by-appointment visitation to commence and conclude outside of the weekday peak period from 4 p.m. to 6 p.m. It is envision that by-prior appointment visits occurring between 4 p.m. and 6:30 p.m. will commence prior to four and conclude after 6 p.m. This is consistent with the growing trend toward longer visits as part of tours and tastings including food pairings and on-site consumption (Evans bill).

Waste Water System Upgrades

Increased visitation, including installation of commercial kitchens, triggers mandatory upgrades of the existing domestic sewage system. A new standard domestic septic system will be installed. In addition, Staff is recommending a project specific conditions of approval requiring the existing winery waste water and storm drain facilities to be upgraded to current standards in order to reduce the potential for illicit discharge of winery waste water. During the course of the 2012 hearings, it was purported that an illicit discharge occurred as a result of a manual diverter valve not being closed allowing winery waste water to discharge directly into the storm drainage facilities. Many older winery waste system contain manual diverter valves or other features that can result in illicit discharges simply due to human error. County Code Section 16.28, which is administered by the Engineering Services Division, requires all outdoor crush pads and work areas to be covered, or at a minimum contain automatic diverter valves, to reduce the possibility of human error allowing sewage to enter the storm drain system. Given the extent of improvement that is occurring at this facility, and the purported previous illicit discharge, it is appropriate that the facility now be upgraded to current standards.

Code Compliance

As noted earlier in this report, a number of improvements were constructed over the last few years without benefit of permit. In addition, visitation and marketing activities have expanded into areas that are presently not authorized for such use. Staff is recommending that the Commission authorize these improvements and activities and apply the recommended conditions of approval requiring building permits to be implemented over the course of the next 6 month to a year. Reconciling code violations general involves some combination of abatement and after-the-fact authorization. In this case, since the improvements that remain are improvements that Staff would have supported had they not yet been constructed, Staff is consequently supporting their approval now. At this point, the concern is the amount of time it will take to implement the after-the-fact permitting and Certificates of Occupancy. The property owner is likely incurring substantial potential liability by allowing customers and employees into areas that have no grant of beneficial occupancy for the use occurring, and likely do not comply with some Building, American's with Disabilities, and Health and Safety Code requirements. For example, swimming pools are not allowed in commercial outdoor visitation areas unless permits for a commercial swimming pool have been authorized, and life guards and fencing are in place when people are in close proximity. The applicant will be filling in the pool to reconcile this hazard. Staff is interested in this pool being filled in as soon as possible. Similarly, allowing customers into the "Red Room", "JCB Lounge" and other areas where no building permits have been authorized needs to be remedied as soon as possible.

Roadway Improvements

A left hand turn lane is proposed and required on Zinfandel Lane at the winery's entrance, which is a shared private road named Wheeler Lane. The turn lane is required before any increase in visitation or marketing occurs. This requirement is also included as a Mitigation Measure in the attached Mitigated Negative Declaration.

At both the hearings in 2012, and early this year at the Castellucci Winery hearing, concerns were raised from Zinfandel Lane property owners in regards to the current speed limit on Zinfandel Lane. In response, Public Work and Planning Divisions Staff are working on a project to reduce the speed limit on Zinfandel Lane, likely to 35 mph. This project is occurring separate from the Raymond and Castellucci proposals, and it is anticipated that an item changing the speed limit on Zinfandel Lane will be brought forward to the Board of Supervisors in the late summer or early fall.

The intersection of State Route 29 with Zinfandel Lane is currently operating at LOS F. This project has the potential to increase the traffic volume at the intersection during the afternoon peak hours. To reduce this potential, the proposed traffic impact mitigation measures include implementation of a travel demand management plan, which will include features encouraging and directing drivers (employees, visitors, delivery personnel) from this impacted intersection during impacted periods. The management plan will include off-peak deliveries, alternative transportation opportunities, directions for alternative routes, etc. This travel demand management plan will apply

to the entire winery operation, and not just the new increment added with this request.

Public Comments

Prior to, and during the hearing in 2012, there was substantial public input on the project. Comments received in 2012 have been attached to this report. More recently, several pieces of correspondence have been received and also attached. It is anticipated that additional correspondence will be submitted prior to the hearing. The applicant conducted a neighborhood meeting in June.

Consistency with Standards

Zoning - The project as recommended and conditioned is consistent with AP (Agricultural Preserve) zoning district regulations. A winery (as defined in Napa County Code Section 18.08.640) and uses in connection with a winery (see Napa County Code Section 18.16.030) are permitted in the AP district with an approved use permit (Napa County Code Section 18.20.020). The project as conditioned complies with all of the other requirements of the Zoning Code.

Building Division - The Building Official recommends approval with standard conditions. Please see their attached memo.

Fire Department - The Fire Marshal recommends approval with standard conditions. Please see their attached memos.

Public Works and Engineering Services - Recommends approval with conditions addressing left hand turn lane improvements. Please see their attached memo.

Environmental Health Division - Recommends approval with standard conditions. Please see their attached memo.

SUPPORTING DOCUMENTS

- A . Exhibit A - Proposed Findings of Fact
- B . Exhibit B - Proposed Conditions of Approval
- C . Department Conditions
- D . Revised Project Description
- E . Mitigated Negative Declaration
- F . GHG Checklist
- G . Noise Analysis
- H . Wastewater Feasibility Analysis
- I . Stormwater Management Plan
- J . Original Traffic Study April 2013
- K . Original Traffic Study Appendices
- L . Supplemental Traffic Analysis Jan 2014
- M . Water Availability Analysis
- N . June 2012 Staff Report
- O . 2012 Public Hearing Correspondence
- P . 2014 Public Correspondence

Q . Project Graphics

R . Comparison Winery Table

Napa County Planning Commission: Approve

Reviewed By: John McDowell