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Agenda Date: 7/17/2019

Agenda Placement: 7A

Continued From: 7/10/19 Special Meeting

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: Sean Trippi, Principal Planner - 299-1353
SUBJECT: Carneros Resort and Spa

RECOMMENDATION

GF CARNEROS HOLDINGS, LLC / CARNEROS RESORT AND SPA / USE PERMIT MAJOR MODIFICATION NO. P15-00190-MOD, ROAD AND STREET STANDARDS EXCEPTION REQUEST & DEVELOPMENT AGREEMENT

CEQA Status: Consideration and possible adoption of Categorical Exemptions Class 1, Class 3, Class 4, Class 11, and the General Rule. It has been determined that this type of project does not have a significant effect on the environment and is exempt from the California Environmental Quality Act ("CEQA"); [see Categorical Exemption Class 1 ("Existing Facilities") which may be found in the guidelines for the implementation of CEQA at 14 CCR §15301; Class 3 ("New Construction or Conversion of Small Structures") which may be found in the guidelines for the implementation of CEQA at 14 CCR §15303; Class 4 ("Minor Alterations to Land") which may be found in the guidelines for the implementation of CEQA at 14 CCR §15304; Class 11 ("Accessory Structures") which may be found in the guidelines for the implementation of CEQA at 14 CCR §15311; see also Napa County's Local Procedures for Implementing the CEQA, Appendix B, Class 1, Existing Facilities, Section (1) (a)]; and the General Rule in that it can be seen with certainty that there is no possibility the proposed action may have a significant effect on the environment and therefore CEQA is not applicable. [See Guidelines for the Implementation of CEQA at 14 CCR §15061(b)(3)]. This project is not on any lists of hazardous waste sites enumerated under Government Code Section 65962.5.

Request: The project proposal includes the following: 1) relocation of the main entryway and installation of a new entry structure and signage; 2) installation of off-site roadway landscape improvements within Caltrans and County right-of-ways; 3) replacement of the existing wood fence along Old Sonoma Road with a decorative masonry wall; 4) relocation of the Boon Fly Café restaurant to The Market location and use of the existing Boon Fly Café location for storage and staff needs; 5) relocation of The Market space to a smaller, existing office space in the adjacent building; 6) relocation of six existing recreational vehicle spaces to the Hilltop location; 7) alteration and enhancement of the existing Hilltop pool area; 8) relocation of the kitchen gardens located on the flag lot to the farm area; 9) Carneros Inn Mutual Water Company's installation of a private waterline from the terminus of an existing waterline to the Property so that the City of Napa can supply water to the Carneros Inn Mutual Water Company,

thereby eliminating groundwater use at the site; (10) installation of two pickle ball courts; (11) use of the adjoining CL zoned parcel (APN 047-110-027) as overflow parking for the Carneros Resort; (12) abandonment of the southerly portion of the Old Sonoma Highway and re-use as kitchen gardens; (13) conveyance to the County of one-acre of Carneros Resort land on Old Sonoma Road for use as a future new fire facility; and, (14) relocation of the existing fire facility from the 0.2-acre parcel to the Old Sonoma Road location including the construction of a concrete pad and connection to the Carneros Inn Mutual Water Company waterline, or if the fire facility is not relocated payment of an in-lieu fee towards the construction of a new fire facility equivalent to the cost of constructing a pad and relocating the existing fire facility. An Exception to the County Road and Street Standards is requested to acknowledge widths of less than 22-feet of the existing private internal access drives.

The request also consists of a Development Agreement to provide the Applicant with a vested right to develop the project over a 10 year period from the date of adoption of the ordinance approving the Development Agreement in accordance with the applicable laws and entitlements in effect at the time of project approval. In exchange, the Applicant would agree to terms that would address impacts of the project which could not have been otherwise required under applicable law.

The project site is located at 4048 Sonoma Highway, Napa, California on approximately 27.7 acres on the north side of Sonoma Highway approximately opposite Los Carneros Avenue, within the Commercial Limited and Agricultural Watershed Zoning Districts (APN's: 047-110-003, 047-110-027, 047-110-028, 047-110-062, and 047-400-(01-28 SFAP)(the Property).

Staff Recommendation: Recommend the Board of Supervisors find the project Categorical Exempt from CEQA, approve the Exception to the Road and Street Standards as conditioned, approve the Use Permit Major Modification as conditioned and adopt an Ordinance approving the Development Agreement as proposed.

Staff Contact: David Morrison (707) 253-4805 or david.morrison@countyofnapa.org or Sean Trippi (707) 299-1353 or sean.trippi@countyofnapa.org

Applicant: GF Carneros Holdings, LLC., Attn: Greg Flynn, (415) 835-0225

Applicant Representative: Kevin Block, Block & Block, LLP, (707) 251-9871

CONTINUED FROM THE JULY 10, 2019 SPECIAL PLANNING COMMISSION MEETING.

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission recommend that the Board of Supervisors:

1. Adopt the Categorical Exemptions based on Findings 1-3 of Attachment A;
2. Approve the Road and Street Standards Exception request based on Findings 4-6 of Attachment A and subject to the recommended conditions of approval (Attachment B);
3. Approve Use Permit Major Modification No. P15-00195 based on Findings 7-11 of Attachment A and subject to the recommended conditions of approval (Attachment B); and,
4. Adopt an Ordinance approving the Development Agreement (Attachment C).

Discussion:

The Applicant for the project and the Development Agreement consists of the four following entities: GF Holdings,

LLC (the Carneros Resort Partners), GF Carneros Inn, LLC (the Landowner), GF Carneros Tenant, LLC (the Operator of the Carneros Resort) and the Carneros Inn Mutual Water Company (the nonprofit mutual water company that supplies water to 28-acre Carneros Resort community). All of these entities are Applicants.

The Applicant is proposing to relocate and enhance the main entrance, relocate the Boon Fly Café from its current location to an existing building near the improved main entrance, relocate six existing recreational vehicle spaces, alter and enhance the hilltop swimming pool, provide a one-acre site to the County for use by the Fire Department, and other associated improvements. The proposal also includes receiving water from the City of Napa via existing waterlines in the Congress Valley Water District and new waterlines installed by the Applicant, thereby eliminating reliance on groundwater.

The Applicant is also proposing to enter into a Development Agreement with the County. Development Agreements are authorized by state law (Govt. Code Section 65864 et seq.). The purpose of a Development Agreement in this case would be to provide the Applicant with a vested right to develop the project for a period of years in accordance with the applicable laws and entitlements in effect at the time of project approval. In exchange, the Applicant would agree to terms that would address the impacts of the project which could not have been otherwise required under applicable law. A summary of the material terms and conditions proposed by the Applicant are included in the Background Section, below.

On October 30, 2018, the Board of Supervisors held a public hearing regarding the proposed terms of a Development Agreement with the Applicant. The Board considered Staff, Applicant and public comments and thereafter directed Staff to negotiate with the Applicant and prepare a Development Agreement consistent with the terms and conditions described herein.

Where the Board of Supervisors is the decision maker on any companion action (i.e. a proposed Development Agreement), the Commission make a recommendation to the Board of Supervisors pursuant to County Code Section 18.124.010 to approve or disapprove the entire action. The Board thereafter makes the final decision on the entire action, including any determination to be made under the California Environmental Quality Act (CEQA). The Development Agreement is executed through the adoption of an ordinance by the Board of Supervisors. As prescribed by County Code and State law, before the Board of Supervisors can act on the request they must consider the recommendation of the Planning Commission. It is requested that the Commission conduct a public hearing and forward a recommendation for approval of the Use Permit Modification and Exception to the Road and Street Standards, and adoption of an ordinance approving the terms of the proposed Development Agreement.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

Consideration and possible adoption of Categorical Exemptions Class 1, 3, 4, 11, and the General Rule: It has been determined that this project will not have a significant effect on the environment and is exempt from the California Environmental Quality Act pursuant to Section 15301, Class 1, which provides an exemption for "Existing Facilities" including the repair, maintenance, and minor alteration of existing public or private facilities, involving negligible or no expansion of use; Section 15303, Class 3, which provides an exemption for "New Construction or Conversion of Small Structures" including conversion of offices and restaurants, extension of water mains, and the construction of fences and swimming pools; Section 15304, Class 4, which provides an exemption for "Minor Alterations to Land" including new gardening or landscaping; Section 15311, Class 11, which provides an

exemption for "Accessory Structures" including on-premise signs and small parking lots; Napa County's Local Procedures for Implementing the CEQA, Appendix B, Class 1, Existing Facilities, Section (1) (a) which exempts reconstructing or resurfacing pavement; and the General Rule in that it can be seen with certainty that there is no possibility the proposed action may have a significant effect on the environment and therefore CEQA is not applicable. [See Guidelines for the Implementation of CEQA at 14 CCR §15061(b)(3)]. The site of this proposed project is not on any of the lists of hazardous waste sites enumerated under Government Code Section 65962.5 and is not within the boundaries of any airport land use plan.

BACKGROUND AND DISCUSSION

Owner: GF Carneros Holdings, LLC., Attn: Greg Flynn, 2250 Bush Street, #1470, San Francisco, CA 94104

Applicant: GF Carneros Holdings, LLC, GF Carneros, Inn LLC, GF Carneros Tenant, LLC, and Carneros Inn Mutual Water Company

Applicant/Representative: Kevin Block, Block & Block, LLP, 1109 Jefferson Street, Napa CA, 94559

Zoning: CL - Commercial Limited (APN's 047-110-003, 027, & 028), AW - Agricultural Watershed (APN 047-100-062) and PD - Planned Development (APN's 047-400-001 through 028, 24 home sites and common areas)

General Plan Designation: Agricultural Resource

Parcel size: 27.7 acres (including the 24 home sites/mobilehomes)

Adjacent Zoning / Land Use:

There are existing rural residences, vineyards, wineries and other non-residential uses in the vicinity of the project site. All surrounding land is zoned AW - Agricultural Watershed.

North: AW - There are three properties adjoining the north side of the project site totaling 17.96 acres. Two properties include single-family homes, one with vineyards, the third property is undeveloped.

South: AW - Across State Highway 12 to the east are two properties totaling 18.85 acres, under the same ownership, with a home and vineyards; a 1.96 acre property developed with a kennel; The Hyde winery on a 12.27 acre property; and, a 12.23 acre property planted in vines.

East: IP:AC - Adjoining the project site to the east is a 24 acre site planted in vines and a 25.1 acre undeveloped property to the northeast.

West: IP:AC - To the west is the former Carneros Grange Hall on a 0.31 acre property and across Old Sonoma Highway is 9.1 acre site with a farm management business and the existing fire department facility that will be relocated to Old Sonoma Road.

Property History:

The Property known today as the Carneros Resort totals 28-acres and includes 24 single-family homes, 17 fractional residences (The Orchard), and a 96-unit recreational vehicle park/resort hotel (The Cottages) with amenities and supporting infrastructure. The three principal parcels are commonly referred to as the Carneros Inn Parcel (APN 047-100-062) and the Carneros Lodge Parcel (APN's 047-110-027/028). A summary of the permit history for the Carneros Inn and Lodge Parcels is attached as Attachment E.

The first use permit associated with the Carneros Inn Parcel was issued in 1961, which authorized the establishment of a mobile home park on a 14-acre parcel zoned Commercial Limited (CL). In 1965, the owner at that time received approval to expand the mobile home park, which also included a small bar and restaurant (now the Boon Fly Café). In 1972, both the Carneros Inn Parcel and Carneros Lodge Parcel were rezoned in two separate actions to Planned Development (PD).

In 1990, the County approved Use Permit No. U-89-20 for the construction and operation of 96-unit recreational vehicle park on the Carneros Inn Parcel, including a 12,000 square foot recreational building, a storage reservoir and a sewage pond. By then, the parcel had expanded to 18-acres and included a bar and restaurant and 22-space mobile home park. Later that year, the northern portion of the parcel on which the recreational vehicle park was situated was rezoned Agricultural Watershed: Recreational Vehicle Park Combining District (AW: RVP), while the southern portion, encompassing the restaurant and mobile home park, retained its PD zoning.

In 1999, use permit (U-89-20) was modified to redesign the layout of the mobile home and recreational vehicle parks; reconstruct and relocate the restaurant; and construct a new package wastewater treatment plant. The permit was modified again the following year to change the layout of internal roads; to relocate certain recreational vehicle sites, the restaurant and wastewater treatment plant; and to change certain building uses, elevations and floorplans.

A predecessor of the Carneros Lodge Parcel was permitted in 1972 as a storage yard for trailers, mobile homes, recreational vehicles and campers. A portion of the property was rezoned PD; the rest retained its CL zoning. Various parties expressed interest in developing the property over the years, but development activity did not begin until the Carneros Lodge Parcel and the Carneros Inn Parcel came under common ownership in the 1990s.

In 1999, a predecessor of the current Applicant applied for a use permit to establish a new resort hotel facility on the Property and in 2002, the County approved a proposal to build a lodge consisting of 25 cottage-style units; retail, meeting and banquet space; a 100-seat restaurant; and a 10,000 square foot public square. Use Permit No. 98511-UP recognized that the Carneros Lodge Parcel and Carneros Inn Parcel were under common ownership; would share amenities and infrastructure, such as roads, sewage treatment, water supply and recreational facilities; and would effectively operate as a single integrated resort complex. Modifications to the use permit in 2005 and 2006 reduced the total number of cottage units from 25 to 17.

Code Compliance History:

See discussion below regarding water use and supply.

Discussion Points:

Site Plans/Graphics - The attached graphics (Attachment I) includes an Illustrative Master Plan, dated June 21, 2019, enlargements of the main entrance area and pickle ball court area, and drawings prepared by the Civil Engineer. The Illustrative Master Plan depicts the proposed modifications to the project site. However, the area identified as #27 in the legend where the fire department building is located will likely not be improved as shown as the land reverts back to the adjoining property owner upon removal of the building. The other drawings do show additional details of the modified area such as drive aisle widths, parking stall dimensions and landscape enhancements.

Access/Circulation/Parking - Access to the Resort is provided from a driveway on State Route (SR) 12/121, opposite Los Carneros Avenue, and Old Sonoma Highway, which is the main entrance to the site. The driveway on Old Sonoma Highway is accessed from SR 12/121 via a short right turn only turnoff which then wraps around to the right providing access to the site near the current market/proposed Boon Fly Café location. The proposal includes

realigning the main entry drive to a location opposite the short turn off from SR 12/121. The proposal also includes relocating the Boon Fly Café to the current Market location (near the proposed new main entrance). Relocation of the Boon Fly Café restaurant to The Market location would reduce use of the entrance near the current location of the Boon Fly Café. The Market would be relocated to a smaller, existing office space in an adjacent building. The existing Boon Fly Café location would be used for storage and staff needs.

As part of the revised main entrance to the Resort, approximately 27 parking spaces will be eliminated and approximately 18 spaces would be added to the main parking area. The expanded existing parking lot is identified as area #9 on the Illustrative Master Plan in the project's graphics (Attachment I - Graphics). Approximately 47 parking spaces would be provided on the undeveloped CL zoned parcel (APN 047-110-027) to the west of the main parking area identified as area #9A on the Illustrative Master Plan. There would be a net increase of approximately 38 parking spaces as a result of this proposal. The spaces that straddle areas 9 and 9A have been included in 9A for this calculation, and half-spaces in area 9 have been combined into whole units. New landscaping, entry signage and gardens for the restaurants on the site would be added to the area around the new main entrance.

Road and Street Standards Exception - The request also includes an exception to the County's Road and Street Standards (RSS) to allow commercial driveway widths of less than 22-feet (20-foot wide road with 22-feet of unobstructed horizontal clearance). The existing internal roadway widths generally vary in width from 17 to 19 feet. The RSS were amended in 2017 requiring, among other things, commercial driveway widths of 22-feet. The existing internal roadways are bounded by numerous lodging units, residences and other structures that make up the Resort. The roadways cannot be widened without demolition of numerous existing structures. The realigned main entrance and additional parking spaces have been designed in compliance with the current RSS. The requested exception has been reviewed by the Fire Department and the Engineering Services Division; both have concluded that it meets the required findings.

Hilltop Area - The request proposes relocating six of the recreational vehicle (RV) spaces or "Cottages" to the Hilltop area, east of the member's club building. The RV spaces will be required to comply with the provisions of Title 25 of the California Code of Regulations including setbacks from property lines, spacing between the units, and anchoring methods. Parking will be provided for the units. Two pickle ball courts will be installed in the previous location of the RV spaces near the driveway off SR 12/121. Alteration of the existing Hilltop pool area is also included in the request.

Fire Department Facility - As provided in the Development Agreement, the Applicant will convey to the County one-acre of land located along Old Sonoma Road for the relocation of the Fire Department facility currently located on approximately 0.2 acres of land on SR 12/121, near the main entrance to the Resort. The Applicant proposes to relocate the existing fire facility from the 0.2-acre parcel to the Old Sonoma Road location and to install a concrete pad and provide a water connection, or if the fire facility is not relocated to pay an in-lieu fee of \$20,000 towards the construction of a new fire station equivalent to the cost of constructing a pad and relocating the existing fire facility.

Water Supply/Use - Use Permit No. 98511-UP for the development of the Carneros property stated that the project had a groundwater extraction threshold of 26.96 acre-feet per year. Subsequently, the County issued a Domestic Water Supply Permit (# 249815) to the Carneros Resort which authorized use of an on-site well as the approved water supply source and the use of trucked water by haulers to serve the water system only during emergency water shortfalls. Approximately four years ago, the Environmental Health Division confirmed that the Carneros Resort was importing trucked water from the City of Napa fire hydrants to supply potable water to the Property on an ongoing basis, to supplement groundwater extraction. In 2015, over 8 acre-feet use at the Resort was reported to come from trucked water.

To address on-going water supply issues, in early 2018 the City of Napa conceptually approved the terms of a Wholesale Water Agreement whereby the City would supply an uninterrupted water supply consistent with the

terms of the Wholesale Water Agreement to the Carneros Inn Mutual Water Company (Mutual Water Company.) The final Wholesale Water Agreement may be approved by City staff and does not require further action by the City Council. The water would be wheeled through an existing Congress Valley Water District waterline to a privately owned waterline that would be constructed and maintained by the Mutual Water Company. The water supplied to the Mutual Water Company would be solely for the Mutual Water Company's shareholders for their own use within the Mutual Water Company's existing Service Area, as provided by law and the Mutual Water Company's articles of incorporation. Under the terms of the Wholesale Water Agreement, the Mutual Water Company would build, install and maintain approximately 0.5 miles of a permanent private water line from the Congress Valley Water District to the Mutual Water Company within the County right-of-way along Old Sonoma Road. Once the water line is operational, 26.96 acre-feet per year of current groundwater pumping at the Resort would cease and all trucked water to the Resort would also cease, except in the case of emergency and with immediate notification to the County. The Wholesale Water Agreement prohibits the Mutual Water Company and its customers from providing water to third parties or transferring water outside of the Resort's Service Area in effect on March 1, 2018. The conceptual term sheet of the Wholesale Water Agreement is attached to the Development Agreement as Exhibit D of Attachment C and is expected to be approved in substantially the same form by City Staff in 2019.

Development Agreement - The County has determined a development agreement is appropriate for this project and is being processed concurrently with the use permit major modification. A development agreement will eliminate uncertainty in the County's land use planning process and secure orderly development of the project consistent with the approval of the project by the County, assure progressive and timely installation of necessary improvements, and otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted. The County desires to provide certainty through the Development Agreement with respect to specific development criteria that will be applicable to the Property in accordance with sound planning principles. The Development Agreement defines the rights and obligations of all parties.

The purpose of a Development Agreement in this case would be to provide the Applicant with a vested right to develop the project for a period of 10 years in accordance with the applicable laws and entitlements in effect at the time of project approval. In exchange, the project would include both public benefits provided by the project in accordance with the project approvals and public benefits in excess of those which could be expected from the project in absence of this Agreement. Following is a brief summary of public benefits (see Section 12 of the Development Agreement for additional details):

- Payment to the County of \$100,000 over a five year period for affordable housing.
- Conveyance in fee title to the County of one-acre of Resort land for a future new fire station located off Old Sonoma Road and a connection to the Resort's private waterline once it is complete and operational.
- Relocation of the existing Fire Department Building to the Old Sonoma Road site or payment of a \$20,000 in-lieu fee towards construction of a new fire station, at the County's choice.
- Construction and maintenance of a private waterline sized to only serve the Resort. Upon completion of the waterline the Resort shall refrain from trucking water to the Property except in an emergency and groundwater will not be used by the Resort, eliminating the pumping of 26.96 acre-feet per year of groundwater.
- Waiver of rights to construct any new residential units that were previously permitted on the property but not yet constructed.

Conditions of Approval - The recommended conditions of approval (Attachment B) include conditions of approval from previous entitlements on the properties comprising the project site spanning back to the early 1960's. A number of the early entitlements have been superseded or in some cases replaced by subsequent approvals. The previous entitlements and conditions that have been superseded or replaced have been struck through.

Annotations indicate where older permits or conditions have been replaced or superseded by more recent permits or if the improvements have been completed. Those previous conditions that have been struck through but have not been annotated were generally satisfied or required to be complete prior to issuance of final occupancy or finaling a building permit.

Decision-Making Options:

As noted in the Executive Summary Section above, staff is recommending approval of the Use Permit Major Modification subject to the terms of the Development Agreement (DA) as described in Option 1 below.

Option 1: Recommend Project Approval to Board of Supervisors (Staff Recommendation)

Discussion - The recommended project consists of approving the RSS Exception, the use permit modification and adopting an ordinance approving the DA. The term of the agreement is 10 years.

Action Required - Commission motion, second and vote recommending Board of Supervisors adopt the categorical exemptions, approve the RSS exception, and use permit modification and adopt an ordinance approving the DA.

Option 2: Revised Project Alternative

Discussion - In the event the Commission wish to revise the terms of the DA, either to reduce or augment them, then the item should be remanded back to staff with direction to work with the Applicant on revising the DA. The DA is a binding contract between the County and Applicant requiring consent on the terms of the contract between the parties. Unlike a use permit, the Commission cannot apply terms to the DA without the consent of the Applicant.

Action Required – Commission motion, second and vote to continue the item to either a date certain or uncertain, with direction to staff to work with the applicant on revised DA terms to be added, eliminated or/and amended.

Option 3: Project Denial

Discussion - In the event the Commission does not support the project and DA as proposed, the Commission would vote to recommend denial of the project which would be forwarded to the Board of Supervisors.

Action Required – Commission motion, second and vote to recommend denial of the proposed project.

Option 4: Continuance Option

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

SUPPORTING DOCUMENTS

- A . Recommended Findings
- B . Recommended Conditions of Approval & Agency Memos
- C . Ordinance and Development Agreement
- D . CEQA Memo
- E . Project History
- F . Previous Approvals

G . Use Permit Application Packet

H . Stormwater Control Plan

I . Graphics

Napa County Planning Commission: Approve

Reviewed By: Charlene Gallina