



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 7/6/2011

Agenda Placement: 9B

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission
FROM: Hillary Gitelman - Director
Conservation, Development & Planning
REPORT BY: LINDA STCLAIRE, PLANNER II - 707.299.1348
SUBJECT: Diamond Heights Winery Expansion

RECOMMENDATION

DIAMOND HEIGHTS WINERY LLC - USE PERMIT No. P10-00400-UP

CEQA Status: Subsequent Mitigated Negative Declaration Prepared. According to the proposed subsequent mitigated negative declaration, if mitigation measures are not included, the proposed project would have potentially significant environmental impacts in the following areas: Biological Resources & Cultural Resources. The project site is not on any of the lists of hazardous waste sites enumerated under Government Code section 65962.5.

Request: Approval of a Use Permit to: 1) convert an existing 20,000 gallon per year Small Winery Exemption with no visitation or marketing events to a 20,000 gallon per year winery with visitation and marketing; 2) recognize and upgrade existing improvements including: an outdoor covered crushpad (1,692 sq. ft.), tank pad (735 sq. ft.), winery production areas (6,719 sq. ft.) and indoor accessory areas (2,709 sq. ft.) totaling approximately 11,855 square feet of area; 3) increase employees from 1 full-time and 1 part-time to 4 full-time and 2 part-time; 4) increase parking from 8 spaces to 15 spaces; 5) establish by-appointment tours and tastings to a maximum of 15 per day; 6) establish a marketing plan with three events per year for a maximum of 40 guests at each event and one event per year for a maximum of 100 guests; 7) expand the existing subsurface drip winery wastewater system; and, 8) widen the existing access drive to 20 feet. The 41.45 acre project site is located on the south side of Petrified Forest Road, approximately 1.6 miles west of Franz Valley Rd and the City of Calistoga within the AW (Agricultural Watershed) Zoning District, Assessor Parcel Number: 020-430-007, 255 Petrified Forest Rd, Calistoga.

Staff Recommendation: Adopt the subsequent mitigated negative declaration and approve the requested use permit as conditioned.

Staff Contact: Linda St. Claire, 299.1348 or linda.stclaire@countyofnapa.org

EXECUTIVE SUMMARY**Proposed Action:**

That the Planning Commission:

1. Adopt the Subsequent Mitigated Negative Declaration for the Diamond Heights Winery Use Permit , based on Findings 1-5 of Exhibit A;
2. Approve Use Permit (P10-00400-UP) based on Findings 6-11 of Exhibit A and subject to the recommended Conditions of Approval (Exhibit B).

Discussion:

This project consists of a conversion of a Small Winery Exemption Certificate to a Use Permit, originally approved in 1985. Diamond Heights Winery is located on a 41.45 acre parcel on the south side of Petrified Forest Road. Although no increase to the previously approved 20,000 gallons per year production is proposed, conversion of the small winery to a use permit is required in order to permit visitation and marketing. This use permit will establish by appointment tours and tastings, a marketing plan, additional parking spaces, upgrades to the existing onsite septic system, minor improvements to the buildings to resolve existing building code issues, and upgrades to the existing driveway. Staff has determined the request, as conditioned and mitigated, has no adverse environmental impacts and is consistent with all applicable Zoning standards. The proposed visitation and marketing are similar to other wineries of this size within the County. As such, staff recommends approval of the request as conditioned.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

Subsequent Mitigated Negative Declaration Prepared. According to the proposed subsequent mitigated negative declaration, if mitigation measures are not included, the proposed project would have potentially significant environmental impacts in the following areas: Biological Resources & Cultural Resources. 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/Applicant: Diamond Heights Winery LLC, c/o Michael Burwell, Redwood Mortgage

Representative: Rick Swinth, Enterra Engineering

General Plan Designation: AWOS (Agriculture, Watershed, and Open Space)

Zoning: AW (Agricultural Watershed)

Filed: December 22, 2010

Deemed Complete: June 6, 2011

Winery Square Feet: Current: 11,855 square feet, no change proposed

Production Capacity: Current: 20,000 gal/yr, no change proposed

Visitation: Current: no tours or tasting allowed. Proposed - 15 visitors per day/105 visitors per week

Marketing: Current: none. Proposed - Three events per year with 40 visitors and one additional event per year for up to 100 persons

Number of Employees: Current: 1 full-time and 1 part-time. Proposed: 4 full-time, 2 part-time

Days and Hours of Operation: Current - 8:00 AM - 5:00 PM, 7 days per week. Proposed - 10:00 AM - 4:00 PM, 7 days per week.

Parking: Current - 8 spaces. Proposed - 15 spaces

Parcel Size: 41.45 acres

Accessory/Production Ratio: 19%, meets standards

Winery Coverage: 1.57%

Winery Road Setbacks: 613 feet from centerline of Petrified Forest Road, exceeds standards

Adjacent Zoning/Land Use:

North - AW - Vineyard and rural residence (Two parcels: 51.31 acres, 6.13 acres)

South - AW - Vineyard with rural residence (40 acres)

East - AW - Vacant (22.67 acres)

West - AW - Rural residence (17.51 acres and 1.8 acres)

Nearby Wineries (within 2 miles of project site):

Envy Wines - 1170 Tubbs Lane
3,043 square feet, 20,000 gal/yr, tours and tasting by appointment (60/wk), marketing with 14 events/yr;

Villa Andriana Summers Winery - 1171 Tubbs Lane
8,250 square feet, 50,000 gal/yr, tours and tasting by appointment (70/wk); no marketing;

Prager Family Estate Winery - 3180 Highway 128
22,960 square feet, 75,000 gal/yr, tours and tasting by appointment only (40/wk), no marketing.

Comparison Wineries

| Winery | Production | Visitors per Week | Marketing per Year |
|--------|------------|-------------------|--------------------|
|--------|------------|-------------------|--------------------|

| | | | |
|---------------------|------------|-----|----|
| Mansfield Winery | 20,000 gpy | 120 | 0 |
| Carver Sutro Winery | 20,000 gpy | 120 | 10 |
| Venge Winery | 20,000 gpy | 140 | 10 |
| Chow Family Winery | 20,000 gpy | 100 | 38 |

Property History:

The existing structures were constructed starting in the late 1880s through the 1920s. The property was originally known as La Perlita del Monte, and was a poultry ranch built and owned by the Dr. R. Beverly Cole family. The Grasier Family purchased the ranch in the 1950s.

On December 31st, 1984 the Napa County Planning Department issued a Small Winery Exemption Certificate.

In both 1985 and 1986 the owner applied for a Bed and Breakfast use permits. Both applications were denied by the Planning Commission, and both were subsequently appealed to the Board of Supervisors but the Board declined to hear the requests.

On August 2, 2006 the Napa County Planning Commission approved a Use Permit Modification (P06-00132-UP) to allow for tours and tastings, marketing, sales of wine, improvements to the road and replacement of existing winery sign. This application was filed partially in response to ongoing code compliance issues. In accordance with Napa County Code Chapter 18.124.080, Automatic expiration of use permits, the owner did not diligently pursue activation of the entitlement, nor were they able to provide evidence that use permit P06-00132-UP was used, and therefore, the permit expired August 2, 2008.

In 2010 the winery went into receivership. The current owner, Redwood Mortgage, is now requesting this use permit to resolve outstanding code issues and to resurrect the unused entitlement from 2006.

Code Compliance History:

The owner applied for a building permit in early 1989 and this led to an inspection of the winery. The inspection found tours and tastings and marketing occurring onsite. A letter was sent to the owner, dated July 1990, detailing these discoveries and directing the owner to cease all such operations.

A January 5, 2005 letter from Napa County Code Enforcement directed the owner to cease continuing tours and tastings, marketing and bed and breakfast activities.

Current Code Enforcement visits have identified issues which will entail upgrades to electrical, interior alterations and ADA compliant conversions before the winery use permit (see Code Enforcement memo dated April 25, 2011).

Discussion:

Small Winery Exemption Certificate

The Graeser Winery received a Small Winery Exemption Certificate in 1984, which at that time was a standard process for small, production only, wineries located at sites with no constraints. Small Winery Exemptions did not allow for tours and tastings or marketing. Small Winery Exemptions are not use permits and therefore, if the owner

wants to conduct tours and tastings and a marketing plan, a use permit must be obtained. The Small Winery Exemption Certificate process was taken out of County Code in 1990 with the adoption of the Winery Definition Ordinance (Ordinance 947). Such permits remained legal entitlements, but since 1990, expansion of these facilities has triggered conversion of the entitlement to a use permit.

Historic Resources

An intensive historic survey was conducted in 2005 by Roland Nawi Associates. For this use permit an additional historic survey was conducted by Juliana Inman to ensure the historic integrity had been maintained. The Roland Nawi survey found the site historically significant in that the site represents a substantially intact grouping of agricultural and residential buildings associated with a 19th and early 20th century poultry farm and rural retreat. The Juliana Inman survey also found the integrity intact.

Visitation and Marketing

The proposed project includes daily and weekly visitation limits, which upon review, will not result in any adverse impacts to the existing operations and character of the winery. The requested visitation, 15 persons per day and 105 persons per week, is similar to other wineries of similar annual production levels. Staff has reviewed the visitation and has not identified any negative traffic impacts associated with the additional visitors.

Facility Upgrades

The proposed project includes upgrades to the existing driveway, onsite wastewater system and an increase in parking from 8 spaces to 15 total parking spaces. Driveway upgrades include limited grading to allow for a minimum 20 foot width required for wineries and addition surface upgrades in accordance with Napa County Department of Public Works conditions. Public Works has reviewed and approved the proposed upgrades with conditions. The access road to the proposed driveway is also used by the rural residence located directly to the south. Upgrades to the wastewater system will occur within the existing area of the current system and within an area west of the barn. Environmental Management has reviewed and approved the proposed upgrades with conditions. The additional parking spaces will be achieved by limited grading and re-striping the new surface. Code Enforcement has reviewed and approved the project with conditions to include, upgrades to the electrical systems, removal of an unpermitted addition at the rear of the tasting room, accessibility upgrades necessary to meet commercial use, and trip hazards to be repaired with the replacement of deteriorated steps.

Consistency with Standards:

Zoning

The project is consistent with AW (Agricultural Watershed) zoning district regulations.

Fire Department Requirements

The Fire Department recommends approval. See their January 11, 2011 memo.

Public Works Department Requirements

The Public Works Department recommends approval with conditions. See their June 14, 2011 memo.

Environmental Management Department Requirements

The Environmental Management Department recommends approval with conditions. See their June 2, 2011 memo.

Building Department Requirements

The Building Department has reviewed the project and recommends approval with conditions. See their June 15, 2011 memo.

Code Enforcement Requirements

The Code Enforcement Division recommends approval with conditions as stated in their April 25, 2011 memo.

Sheriff's Department Requirements

The Sheriff's Department has reviewed this application and has no comments.

SUPPORTING DOCUMENTS

- A . Exhibit A - Findings
- B . Exhibit B Proposed Conditions of Approval
- C . Winery Exempt Permit
- D . Agency Comments
- E . Environmental Documents
- F . Application Material
- G . Graphics

Napa County Planning Commission: Approve

Reviewed By: Hillary Gitelman