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Agenda Date: 9/16/2020

Agenda Placement: 7C

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: Charlene Gallina, SUPERVISING PLANNER - 299-1355

SUBJECT: Nickel and Nickel Winery - Major Modification P17-00400-MOD

RECOMMENDATION

FN LAND, LLC / NICKEL AND NICKEL WINERY / USE PERMIT MAJOR MODIFICATION APPLICATION NO. P17-00400-MOD

CEQA Status: Consideration and possible adoption of a Mitigated Negative Declaration (MND). According to the proposed MND, the proposed project would not have any potentially significant environmental impacts with incorporation of mitigation measures pertaining to Cultural Resources and Tribal Cultural Resources. The project site is not included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5.

Request: Approval of a Use Permit Major Modification of an existing 125,000-gallon per year winery to amend previous approvals (Use Permit No. 98400, as amended). The requested modification would include operational changes that include: **A. COMPONENTS NECESSARY TO REMEDY EXISTING VIOLATIONS:** 1) recognition of an increase in winery employment from 21 full-time and six part-time staff, to the winery's current employment of 67 full-time and six part-time staff; and **B) EXPANSION BEYOND EXISTING ENTITLEMENTS:** 1) an increase in permitted annual wine production from 125,000 to 225,000 gallons of wine per year; 2) an increase in the number of daily visitors for wine tours and tastings, from 75 people per day to 260 people per day, up to a weekly maximum of 1,440 people, with food included for approximately 20 percent of tours and tastings; 3) changes to winery hours of operation and visitation; and 4) a change to the winery's marketing program under the use permit to include up to two additional annual events for up to 900 people each, plus one additional annual event for up to 1,000 people, which have occurred in prior years under Temporary Event Permit authority. Physical changes to the winery associated with the requested modification include an increase in parking on-site from 45 to 106 stalls; construction of an approximately 6,000 square foot winery structure, aboveground and connected to the existing fermentation building, to house production and accessory use areas; installation of covers over approximately 4,600 square feet of existing crush pad and outdoor work areas; and renovation and repurposing of two, 19th century outbuildings (Building 2 - White Shed, and Building 3 – White Barn) from their current use as winery storage to winery accessory administrative and hospitality areas. Site construction would include reconfiguration of

the on-site vehicular entry to the winery visitor parking lot and other, related site utility modifications to correspond to the requested permit amendments. The winery is located at 8164 St. Helena Highway in the AP (Agricultural Preserve) Zoning District and has a General Plan land use designation of AR (Agricultural Resource). The property is assigned with Assessor's Parcel Number (APN) 031-010-013.

Staff Recommendation: Adopt the MND prepared for the project and approve Major Modification Application No. P17-00400-MOD, as conditioned.

Staff Contact: Dana Ayers, Consultant Planner, phone number (925) 688-2490 or email address: dayers@trccompanies.com ; Charlene Gallina, Supervising Planner, phone (707) 299-1355 or email address: Charlene.Gallina@countyofnapa.org

Applicant: Dirk Hampson, FN Land, LLC; phone number (707) 967-9600; email address: dhampson@farniente.com

Applicant Representative: Donna B. Oldford, Plans4Wine; phone number (707) 963-5832; email address: DBOldford@aol.com

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Adopt the MND and Mitigation Monitoring and Reporting Program (MMRP) based on recommended Findings 1-7 in Attachment A;
2. Approve Use Permit Major Modification Application No. P17-00400-MOD, based on recommended Findings 8-12 in Attachment A, and subject to the recommended Conditions of Approval in Attachment B.

Discussion:

On August 18, 1999, the Napa County Conservation and Development Commission approved Use Permit No. 98400 allowing construction and operation of a winery with a 125,000-gallon per year production capacity, tours and tastings by appointment, and marketing events at 8164 St. Helena Highway, north of the community of Oakville. The approval included a variance (Variance No. 98403) that allowed conversion of a 19th century residence, barn and shed to winery use, with a setback of 184 feet from the State Route 29 right-of-way (where a minimum 300-foot setback was allowed for historic structures pursuant to Napa County Code Section 18.104.235), and it allowed new winery structures to be built within the 600 foot minimum setback from the highway (Napa County Code Section 18.104.230). Subsequent modifications to the Use Permit allowed for additional square footage to approved buildings, additional utility infrastructure, and other minor changes to the location of project elements on the property.

This application was submitted to participate in the County's Code Compliance Program as described in Resolution No. 2018-164 adopted by the Napa County Board of Supervisors on December 4, 2018. Under the program, property owners may apply for a permit to voluntarily remedy existing violations. The current request for a Use Permit Major Modification (Application No. P17-00400-MOD) proposes to modify an existing 125,000 gallon per year winery to recognize existing full-time and part-time employment beyond permitted levels. The project also includes an expansion request to permit some physical changes to the property, including construction of a 6,000 square foot production building expansion, construction of covers over outdoor crush pad and work areas,

installation of 61 additional parking stalls, new utility infrastructure, and repurposing of the original shed and barn from wine storage to winery accessory use. Unlike prior requests that primarily encompassed physical elements of the winery, the current request also includes requests for operational changes, including increases in annual wine production, increase in daily tours and tastings, and expansion of the winery marketing event program under the Use Permit.

Per Resolution No. 2018-164, the subject application was submitted prior to the submittal deadline of March 29, 2019, and it was found to be substantially conforming with the Resolution's deadlines. Accordingly, the County used the existing operations as the environmental baseline pursuant to the California Environmental Quality Act. However, application materials, including water availability and wastewater feasibility analyses of the requested modification that informed the analysis in this initial study, utilized the lower, permitted condition as the baseline against which the proposed project was compared. The requested physical and operational winery changes would increase water demands, vehicle trips and vehicle miles, and wastewater generation associated with the winery. Analysis of potential environmental impacts of the proposal concluded that the parcel has adequate acreage to accommodate wastewater treatment facilities and to meet the groundwater extraction demands associated with the request without detriment to area groundwater supplies. The winery currently implements trip reduction programs for winery employees and guests and anticipates expanding upon these programs to further reduce vehicle trips and vehicle miles associated with the proposal. On-site power generation from an existing solar array that would be relocated on-site would continue to support the winery's efforts to use non-carbon-based energy sources and keep greenhouse gas emissions from winery operations low. Covers over existing outdoor work spaces would help to reduce the risk of stormwater pollution from wine production activities. Due to location of the property in a culturally-sensitive area with potential for presence of archaeological resources, mitigation measures are proposed to augment the County's standard condition of approval. Other environmental impacts of the project were determined to be less than significant, and conditions are recommended by various County departments are intended to preserve public health and safety.

Staff believes that the findings can be made to approve the Use Permit Major Modification request and recommends approval of the project (components to remedy existing violations and the requested expansions beyond the existing entitlements), subject to conditions of approval and mitigation measures.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? No

County Strategic Plan pillar addressed:

ENVIRONMENTAL IMPACT

Consideration and possible adoption of an MND. According to the MND, the project would not have any potentially significant environmental impacts after implementation of mitigation measures applicable to cultural resources and tribal cultural resources. This project is not on any lists of hazardous waste sites enumerated under Government Code Section 65962.5.

BACKGROUND AND DISCUSSION

Owner/Applicant: Dirk Hampson, FN Land, LLC; 8164 St. Helena Highway, Oakville, California; phone number (707) 967-9600; email address dhampson@farniente.com

Applicant Representative: Donna B. Oldford, Plans4Wine; 2620 Pinot Way, St. Helena, California; phone number (707) 963-5832; email address DBOldford@aol.com

General Plan Land Use Designation: Agricultural Resource (AR)

Zoning: AP (Agricultural Preserve) District

Application Filed: November 22, 2017; **Resubmittals Received:** November 7, 2018; February 15, 2019; and November 6, 2019; **Application Deemed Complete:** August 12, 2020

Parcel Size: 34.64 acres

Existing Development: Winery buildings encompassing approximately 63,447 square feet of building area, of which 13,554 square feet is accessory use (wine tasting and winery administrative) floor area in a repurposed barn and 19th century residence, and 49,893 square feet is dedicated to wine production (barrel storage, bottling and grape crushing) in fermentation buildings and a wine cellar. Outbuildings to the former residence include a shed and barn used for equipment and materials storage. Another residential building and a garage on the property have been repurposed for a vineyard maintenance office and related storage. Approximately 1.25 acres on-site is covered by photovoltaic panels, and a human-built, 1.7-million-gallon pond on-site provides storage of water and treated process wastewater for vineyard irrigation. Approximately 19.24 acres on the property are planted with grapevines.

Vineyard Acreage (Existing): 19.24 acres

Vineyard Acreage (Proposed): 19.64 acres

Winery Characteristics

Winery Size (Approved/Existing): 63,447 square feet (49,893 square feet production and 13,554 square feet accessory use)

Winery Size (Proposed): 75,627 square feet (57,163 square feet production and 18,464 square feet accessory use)

Production Capacity (Approved/Existing): 125,000 gallons of wine per year average over any consecutive three-year period, with production not to exceed 150,000 gallons in any given year

Production Capacity (Proposed): 225,000 gallons of wine per year

Winery Coverage (Approved/Existing): 6.1 acres (maximum 8.7 acres, or 25 percent of parcel area, allowed)

Winery Coverage (Proposed): 6.4 acres

Accessory to Production Ratio (Approved/Existing): Accessory use area 27.2 percent of production area (maximum 40 percent allowed)

Accessory to Production Ratio (Proposed): Accessory use area 32.3 percent of production area

Number of Winery Employees (Approved): 21 full-time (16 production plus five administrative/marketing), and 6 part-time

Number of Winery Employees (Existing): 67 full-time and six part-time

Number of Winery Employees (Proposed): 67 full-time and six part-time

Tours & Tastings Visitors (Approved/Existing): 75 people per day, by appointment

Tours & Tastings Visitors (Proposed): 260 people per day, by appointment, up to a weekly maximum of 1,440 people, with food included for approximately 20 percent of tours and tastings

Marketing Program (Approved/Existing):

- | Three events per week for up to 25 people per event, occurring during the hours between 10:00 a.m. and 3:00 p.m. or 6:30 to 11:00 p.m. on weekdays, and between 10:00 a.m. and 2:00 p.m. or 4:30 p.m. to 11:00 p.m. on weekends;
- | Four events per year for up to 100 people per event, occurring during the hours between 10:00 a.m. and 3:00 p.m. or 6:30 to 11:00 p.m. on weekdays, and between 10:00 a.m. and 2:00 p.m. or 4:30 p.m. to 11:00 p.m. on weekends; and
- | One annual Wine Auction event for up to 250 people, occurring during the hours between 10:00 a.m. and 3:00 p.m. or 6:30 to 11:00 p.m. on a weekday or between 10:00 a.m. and 2:00 p.m. or 4:30 p.m. to 11:00 p.m. on weekend day.

Marketing Program (Proposed): The above-listed events, plus the following three events that have occurred in previous years under authority of Temporary Event Permits issued by the County:

- | Up to two events per year for up to 900 people per event, with portable restrooms and valet parking; and
- | One annual event for up to 1,000 people, with portable restrooms and valet parking

Wine Production Days & Hours of Operation (Approved/Existing, excluding harvest): Daily, 7:00 a.m. until 6:00 p.m.

Wine Production Days & Hours of Operation (Proposed, excluding harvest): Daily, 6:00 a.m. until 6:00 p.m.,

Hospitality Days & Hours of Operation (Approved/Existing): Daily, 10:00 a.m. until 3:00 p.m. (weekdays) or 2:00 p.m. (weekend days)

Hospitality Days & Hours of Operation (Proposed): Daily, 10:00 a.m. until 6:00 p.m.

Parking (Approved/Existing): 45 stalls

Parking (Proposed): 106 stalls (35 visitor, 67 employee, four handicapped accessible)

Minimum Setbacks (Required): 600 feet from the centerline of right-of-way of State Route 29, 20 feet from side property line, 20 feet from rear property line

Minimum Setbacks (Existing): 184 feet from the edge of right-of-way of State Route 29 to Sullenger House (Variance No. 98403), 180 feet from side property line to Gleason Barn, 1,560 feet from rear property line to mechanical barn

Minimum Setbacks (Proposed): 184 feet from the edge of right-of-way of State Route 29 to Sullenger House (no change to that approved under Variance No. 98403), 150 feet from side property line to new Building 1 Bottling Area Cover, 1,533 feet from rear property line to Production Building Expansion. The proposed expansion to the production building would be located within the minimum 600-foot setback from centerline of State Route 29 that is required for winery buildings pursuant to Napa County Code Section 18.104.230. When the Planning Commission approved the winery Use Permit on August 18, 1999, their approval included Variance No. 98403, which allowed the then-existing Sullenger House and original farmstead shed and barn to be repurposed for winery use and to remain within the 300-foot setback allowed for historic structures (Napa County Code Section 18.104.235). Approval of the variance also allowed new winery structures also to be located proximate to the house, shed and barn and within the 600-foot setback, also in accordance with the above-referenced section of County Code.

Pursuant to Napa County Code Section 18.104.230.B, expansions of winery structures may be permitted within the minimum 600-foot setback if the expansion is placed no closer to the centerline of the right-of-way than the nearest point of the existing structure to which the expansion is connected. In compliance with this subsection of County Code, the proposed Production Building Expansion would be connected to the existing Fermentation Barns via the existing wine cellar, and though it would be within the 600-foot setback, it would be further away from State Route 29 than any existing building on the property. The proposed outdoor work area covers would be attached to the walls of the existing Fermentation Barns and would also be no closer to State Route 29 than the existing structures to the covers would be attached.

Adjacent General Plan Designations/Zoning/Land Use:

All properties surrounding the project site are, like the project site, zoned AP District with a General Plan land use designation of Agricultural Resource.

North: Turnbull Wine Cellars operates a winery and maintains grapevines on the 21.64-acre parcel just north of the project site. A second, 15.38-acre parcel also adjoins the project site's northern property line and is exclusively planted in vineyards.

West: The State Route 29 right-of-way is immediately west of the project site, at the parcel frontage. The Robert Mondavi Winery produces wine and maintains vineyards on the 93.76-acre parcel on the opposite side of State Route 29 from the project site.

South: A 15.3-acre vineyard parcel and a 1.87-acre single-family residential parcel adjoin the southern property line of the site. Further south in the general vicinity of the project site are a 4.25-acre residential and agricultural parcel, and two parcels (each approximately 49 acres in size) planted with vineyards and developed with the Opus One Winery.

East: The Napa River is immediately east of the site. Three parcels of 16 acres, 76.25 acres, and 100.24 acres, are on the opposite bank of the river and are planted with vineyards; the smallest of these three parcels also has a single-family residence.

Wineries within 1 Mile of Project Site:

Refer to Attachment J.

Parcel History:

The property that is the subject of this application was once part of the Spanish and Mexican land grant of Rancho Caymus to George C. Yount in 1836. The initial land grant was subsequently divided and sold to various purchasers. The property came under the ownership of John Crawford Sullenger in 1865. Sullenger was involved in various silver and quicksilver mining operations in Napa County, and on the subject property, commissioned construction of the residence with agricultural outbuildings (barn and shed) related to Sullenger's crop production activities (corn and Zinfandel grapevines). These structures were built toward the end of the 19th century and are still present on the property, with the residence repurposed for winery-related operations and the barn and shed serving utility/storage functions. Sullenger's heirs sold off portions of Sullenger's 125 acres of land in the years following his death in 1926.

On August 18, 1999, the Napa County Development and Planning Commission approved Use Permit No. 98400 entitling the construction and operation of Nickel & Nickel Winery at 8164 St. Helena Highway/State Route 29, a 30.05-acre portion of the former Sullenger property. Nickel & Nickel Winery was permitted to produce up to 125,000 gallons of wine per year, subject to conditions requiring that 75 percent of wine produced on the premises be made from grapes grown in Napa County, and an allowance for up to 12,000 gallons of wine per year to be produced by custom crushers. Winery structures were to consist of approximately 54,000 square feet, inclusive of

an approximately 48,000-square foot production facility housing crush, barrel storage and other miscellaneous storage areas; an approximately 2,400 square foot historic residence (Sullenger House) to be restored and repurposed for wine tasting, marketing and administrative space; an approximately 1,850 square foot, 19th century barn (Gleason Barn) relocated to the site and repurposed for administrative and sales space; and an approximately 1,800 square foot shed for winery-related storage. The approved project included winery identification signage and an entry feature at the site access from State Route 29. The approval also included a variance (Variance No. 98403) that allowed the 19th century residence, White Barn and White Shed, to remain within the minimum 300-foot setback allowed for historic properties (Napa County Code Section 18.104.235), and to be repurposed for winery accessory (house) and winery storage uses. The entitlement also allowed new winery structures to be constructed proximate to the residence and within the minimum 600-foot setback (Napa County Code Section 18.104.230).

Winery activities were permitted to include retail wine sales and private tours and wine tastings by appointment, to occur between 10:00 a.m. and 3:00 p.m. on weekdays, and between 10:00 a.m. and 2:00 p.m. on weekends. The staff report prepared for the Use Permit application indicated that daily tours and tastings would be conducted for up to 75 guests per day (three tours per day average, with up to 12 persons per tour). In addition to wine tours and tastings, Use Permit No. 98400 authorized winery marketing events, as described above. Marketing events were to occur within the Sullenger House or in the outdoor courtyard area between the house and the Fermentation Barns, and events were allowed to have live or recorded music between the hours of 10:00 a.m. and 9:00 p.m. (Sunday through Thursday) and 10:00 a.m. and 11:00 p.m. (Friday and Saturday). The Use Permit conditioned that music allowed for marketing events be kept at or below 55 dBA as measured at the nearest off-site residence. Winery production, tasting, sales and marketing activities were to be supported by 21 full-time and six part-time staff members.

Various modifications to the Use Permit in subsequent years allowed for addition of an approximately 2,700 square foot basement to the Sullenger House; interior remodeling of the Gleason Barn to add approximately 1,400 square feet in a second floor and mezzanine; expansion of the barrel storage area to include an additional 2,250 square feet; addition of utility infrastructure that included a 1,600 square foot mechanical enclosure, two 10,500-gallon water tanks and an approximately 1.7 million gallon human-made pond for treatment and storage of process wastewater for reuse as vineyard irrigation on approximately 12 acres of vineyards; and other minor changes to the location of project elements on the property (Use Permit Modification Nos. 00195-MOD, 02126-MOD, 03128-MOD). Currently, winery buildings on the property encompass approximately 63,447 square feet of building area, of which 13,554 square feet is accessory use (wine tasting and winery administrative) floor area, and 49,893 square feet is dedicated to wine production (barrel storage, bottling and grape crushing).

As a result of a recent lot line adjustment that brought the vineyard management offices into the winery property, the property area has been increased to its current size of 34.64 acres.

Code Compliance History:

The Use Permit Major Modification application was filed voluntarily by the winery operators prior to the Board of Supervisors' final decision to adopt the countywide Voluntary Compliance Program. The application has been included among the requests being reviewed pursuant to that program. A Life Safety Inspection was recently conducted at the winery on August 13, 2020. Code compliance inspectors identified minor corrections in the newer winery structures, Gleason Barn and Sullenger House, including door hardware and replacement of faded emergency signage. More notable corrections were identified in the White Shed and White Barn, including electrical wiring, flammable materials storage associated with the separate vineyard maintenance company on-site, and unpermitted use of a portion of the White Shed as a winery maintenance office. The applicant was cooperative with inspectors and discussed options for immediate resolution of the issues through demolition permits, though it is noted that full renovation of the White Shed and White Barn from storage to winery accessory

use is a component of this Use Permit Major Modification and would resolve the identified issues in the long term.

Discussion Points:

Setting - The property at 8164 St. Helena Highway is 34.64 acres in size and currently planted with 19.24 acres of vineyards. The property is on the east side of State Route 29/St. Helena Highway and west of the Napa River, the banks of which are the parcel's eastern property line. The property is located in the Napa Valley, north of the town of Yountville and the unincorporated Oakville community, and south of the city of St. Helena and the unincorporated Rutherford community. The property area recently has been increased to its current size of 34.64 acres as a result of a recent lot line adjustment between the winery parcel and an adjoining parcel located to the south of the site that is under the same ownership as the winery. The property is predominantly flat, with elevations ranging from 146 feet above mean sea level at the western property boundary down to 126 feet at the Napa River eastern property boundary. Over half of the site area is planted in vineyards; other development on the property includes existing winery buildings and a vineyard maintenance office (formerly a residence) that is a permitted use outside the scope of the Use Permit and this Use Permit Major Modification request (Napa County Code Sections 18.08.040 and 18.16.020). As described above, surrounding the site are large parcels also predominantly planted in vineyards, some of which are also developed with wineries on larger parcels and single-family residences on some smaller parcels.

Winery Proposal - As summarized in the Recommendation section of this staff report, the applicant's proposal is to expand of winery operations to increase production from 125,000 gallons to 225,000 gallons of wine per year; increase daily visitation from 75 guests per day to 260 guests per day (with a 1,440-person weekly cap); expand the marketing event program for the winery to include three additional annual events; and to recognize 46 more full-time employees than the 21 full-time employees initially described in Use Permit No. 98400. The proposed changes to the marketing event program would add three annual events, two for up to 900 people and the third for up to 1,000 people. These three large events have occurred in prior years on the property under Temporary Event Permits. However, the nature of these events is now understood to be wine-related marketing events rather than exclusively cultural, artistic expression or nonprofit events and therefore not consistent with the intent of the County's Temporary Events Ordinance (Napa County Code Chapter 5.36). Therefore, the applicant has proposed that these larger events be incorporated into the winery's marketing program under the winery Use Permit. These large events, as well as the currently entitled annual event with a planned attendance of up to 250 people, would occur on days when wine production is minimal and no tours or tastings are scheduled. The 900-person and 1,000-person events would not have amplified sound.

Proposed physical modifications to the site include construction of an additional 61 parking stalls on-site, east of the existing wine production barns; construction of a new wastewater treatment system; relocation of an existing photovoltaic array; and construction of an approximately 6,000 square foot production building expansion to house a maintenance shop, winery-related storage, offices and multipurpose spaces and a laboratory relocated from the Gleason Barn. Covers are proposed to be built over approximately 4,600 square feet of outdoor crush pads and work areas adjacent to the two existing fermentation barns. The proposal also includes renovation of the existing White Shed and White Barn, two structures original to the Sullenger farmstead that were entitled with Use Permit No. 98400 and Variance No. 98403 for winery-related storage spaces but that were not subsequently rehabilitated. Proposed use of these two buildings under the current Use Permit Major Modification request would change from storage to winery accessory (administrative offices and tasting) space. The proposed outdoor work area covers and production building expansion would be built within the minimum 600-foot setback required for winery structures under County Code; however, the covers and building expansion would be constructed alongside or behind the existing fermentation barns and would be no closer to the highway right-of-way than allowed under the previously-approved Variance application.

After completion of the proposed construction, vineyard acreage on-site would be increased from 19.24 to 19.64

acres.

Visitation/Marketing Program - The applicant proposes to increase daily visitation from 75 visitors per day to as many as 260 visitors per day (maximum 1,440 per week) for tours and tastings, by appointment, between the hours of 10:00 a.m. and 6:00 p.m. Up to 20 percent of tours and tastings would involve food. In addition to tours and tastings, the applicant proposes a marketing plan consisting of up to 164 events per year (inclusive of one Wine Auction event), for 25 to 1,000 guests per event, as described above. Events would occur in windows of time between the hours of 10:00 a.m. and 6:00 p.m. in approximately 1,700 square feet on the ground floor of the existing Gleason Barn; the Sycamore Grove between the White Shed and the Sullenger House and South Fermentation Barn; the seasonal parking area south of the courtyard; the White Shed to be renovated, as well as the reception garden adjacent to the shed; the Sullenger House basement, first floor tasting rooms, and covered porch on the east side of the house; and the main aisles of the North and South Fermentation Barns. Any event with a planned attendance of 250 or more people would occur on days when wine production is minimal and no tours or tastings are scheduled. The 900-person and 1,000-person events would not have amplified sound (the original entitlement allowed the other events to have live or recorded music subject to certain constraints). For the largest events, which occurred in previous years under issuance of a Temporary Event Permit, winery operators would provide shuttle service for transport of guests between the Yountville Veterans' Home and the winery property. As shown in Attachment J, the winery was compared to other wineries with entitlements to produce between 200,000 and 250,000 gallons of wine per year. Compared to these five by-appointment wineries and five pre-WDO wineries, the proposed daily, weekly and annual visitation is higher than the average and median for comparably-producing wineries entitled under the WDO, but is closer to the median and average for pre-WDO wineries with similar production quantities.

Cultural Resources - The winery property is located in a highly sensitive area for the occurrence of prehistoric and historic-period archaeological resources. Project implementation could indirectly result in the potential disturbance of undiscovered cultural resources (i.e., prehistoric sites, historic sites, and isolated artifacts and features), paleontological resources (i.e., fossils and fossil formations) and unrecorded human remains. Between 1983 and 2006, Caltrans conducted several site surveys in the Napa Valley, which were determined to be prehistorically significant due to evidence of buried archaeological fragments that suggested these sites were primarily tool-making locations. Several of these sites are similar to, and within a few miles of, the winery property, including two that are adjacent to Caltrans right-of-way along State Route 29 just outside the proposed project site. These sites are considered highly sensitive for occurrences of prehistoric and historic-period archaeological resources, and both survey areas are either listed or eligible for inclusion in both the California Register or the National Register of Historic Places.

Archaeological and Historic reports were prepared for the project (Barrow & Bartel 2018; Tom Oringer & Associates 2019) to assess potential cultural resources impacts from the proposed improvements, and in particular, expansion of the parking lot and utility infrastructure including a joint utility trench. The reports describe several sites within a couple of miles of the winery. One of the sites has been identified as a prehistoric cultural site adjacent to the project site and is within close proximity to several documented sites containing obsidian (volcanic glass) fragments. This previously undocumented site functioned as a workshop where chipped stone tool manufacture and repair took place. As such, this adjacent site is eligible for inclusion in the California Register, for the site is likely to yield important history or pre-history information and appears to be a task-specific location associated with one or more of the habitation sites (camps and villages) dating back between 150 and 5,160 years.

The proposed location of the production building expansion was selected in an effort to avoid potential archaeological resources. However, on-site project work would involve ground-disturbing activities that could result in unanticipated or accidental discovery of unknown archaeological resources, paleontological resources or undiscovered human remains. Due to the sensitivity of the site environs, mitigation measures identified in the

initial study are proposed to augment the County's standard condition of approval related to archaeological resources, and include provisions such as pre-construction training of contractors and monitoring by Native American monitors in the event that resources are uncovered during construction.

Groundwater Availability - Water for on-site vineyard irrigation and domestic consumption is provided from two wells located near the western property line; there is a backup well for irrigation on the property. In addition to using well water, the property has surface water rights to divert 6.1 acre-feet per year from the Napa River for vineyard irrigation, frost protection and heat control (California State Water Resources Control Board, Division of Water Rights, Permit No. 16521).

Groundwater (GW) and surface water demand estimated for the winery as currently entitled and described in the Water Availability Analysis (WAA) provided by the applicant is approximately 16.8 acre-feet per year. This estimate assumes that approximately 20 percent of guests would have wine tasting with food. The estimate also conservatively assumes that vineyard water demand is 0.5 acre-feet (162,925 gallons) per acre of vineyard based on the demand factors from the County's WAA Guidelines rather than actual records that indicate vineyard water demand of 0.37 acre-feet per vineyard acre. Water demand for landscape irrigation is also conservatively estimated as the Estimated Total Water Use (ETWU) calculated for irrigation pursuant to the State Model Water Efficient Landscape Ordinance (WELO, California Code of Regulations Title 23, Division 2, Chapter 2.7), though the WAA notes that actual irrigation water use has been lower (600,000 gallons/year).

The submitted WAA estimated groundwater demand for the requested entitlement to be 25.8 acre-feet. This estimated increase in water demand accounts for: 1) the additional employees above permitted levels; 2) the additional visitation guests and marketing event attendees, again assuming that 20 percent of guests would have food with wine tasting; 3) the requested, additional 100,000 gallons of annual wine production; 4) and additional 0.4 acres of grapevines; and 5) additional landscaping. The subject property is located within the Napa Valley Floor – St. Helena subarea of Napa County according to Figure 2-2 of the Napa County Groundwater Monitoring Plan 2013, for which the County has determined that an annual groundwater draw of up to one acre-foot of water per acre of a parcel is a scientifically and operationally adequate threshold. With 34.64 acres within the boundaries of the property, the estimated 25.8 acre-feet of groundwater demand is within acceptable levels, before accounting for groundwater demand reductions from the proposed reuse of treated and disinfected wastewater for vineyard and landscape irrigation.

Wastewater - The existing winery currently treats wine process wastewater and domestic sanitary wastewater on-site. Existing treatment systems consist of a septic tank and leachfield (located west of the existing on-site pond) for treatment of sanitary wastewater, and the on-site pond with recirculating and filtration systems for treatment and storage of process wastewater that is eventually reused as vineyard irrigation. The proposed project includes replacement of the existing sanitary wastewater treatment system with a package treatment system that would treat effluent to California Title 22 standards for recycled water; treated effluent would then be stored in the on-site pond and also reused as vineyard irrigation. For treatment of process wastewater, the winery operation would either continue to use the existing on-site pond for treatment and storage, or would combine the process wastewater with sanitary wastewater for treatment using the package treatment system. In either scenario, the existing on-site pond would be used for storage of treated process wastewater until the treated water is applied as vineyard irrigation and landscape irrigation and taken up by grapevines or other plant root systems. (See "Wastewater Feasibility Study, Nickel & Nickel Winery, 8164 St. Helena Highway, Oakville, CA," prepared by Summit Engineering, August 2019.) The pond and property are of adequate size to accommodate on-site wastewater treatment and treated effluent storage.

Greenhouse Gas Emissions - The applicant identified in the use permit application, Napa County Voluntary Best Management Practices (BMP) Checklist for Development Projects, 22 measures that the winery's operators currently implement or intend to implement with the proposed project. These measures include:

- | Generation of on-site renewable energy (BMP-1): The winery currently has a photovoltaic array for on-site solar power generation. This array generates approximately 85-90 percent of the winery's energy needs. The project includes retention of this solar power generation source, with relocation of the solar panels from an area among the vineyards to the carports over the proposed new employee parking stalls. With the expansions proposed with the project, and with continued intent to utilize energy conserving lighting at the facility (BMP-9), the applicant estimates that the relocated photovoltaic array would still be able to generate 75-80 percent of the winery's power demands.
- | Vehicle Miles Traveled (VMT) reduction plan (BMP-6): Among various options suggested in the checklist, and as noted in the addendum to the project traffic study, the applicant has indicated intent to reduce emissions from single-occupancy vehicles through continued implementation of an employee carpool incentive program and expansion of measures to reduce single-occupancy vehicle use, including group shuttles to the winery from the Yountville Veterans Home (for large events). The applicant's representatives have also expressed intent to expand the winery's current remote work program for non-vineyard employees.
- | Cool Roof (BMP-10): Existing structures on the property, including the fermentation barns and White Shed, have light roofs that reflect solar energy, reducing temperatures inside the buildings and the energy demands associated with space conditioning.
- | Recycle 75 percent of all waste (BMP-17) and Compost 75 percent of food and garden material (BMP-18): The winery operators currently recycle waste and indicated intent to augment that effort with a composting program. Together, reduction of the winery's waste stream reduces the volume of material deposited in landfills, thereby reducing methane emissions from landfill decomposition.
- | Electric Vehicle Charging Stations (BMP-21): Improvements to the property are proposed to include an electric vehicle charging station supporting the use of ultra-low emission vehicles by customers and employees.
- | Other measures selected in the Checklist included intent to install a solar water heating system (BMP-8); continued use of water-efficient plumbing fixtures and water-efficient landscaping (BMP-14 and BMP-15); intent to support local food producers (BMP-29); and intent to use 70 -80 percent cover crop to reduce soil tilling and related release of sequestered carbon (BMP-31).

Transportation and Parking - The property fronts on and has its access from State Route 29, which adjoins the western property line of the site. The winery owners were required by the initial Use Permit entitlement to construct a left turn lane and right turn lane at the winery driveway approach to State Route 29. Currently, State Route 29 has bicycle lanes on both sides of the roadway at the property frontage, as well as a two-way center left turn lane that provides queuing/merging area for vehicles turning into or out of the driveways of Nickel and Nickel Winery and Mondavi Winery located on the opposite side of the highway.

A traffic study prepared by Crane Transportation Group for the applicant evaluated potential impacts of the project to: 1) the segment of State Route 29 between Rutherford Road and Oakville Cross Road; 2) the intersection of State Route 29 and Oakville Cross Road; 3) the intersection of State Route 29 and the Nickel & Nickel Winery driveway; and 4) the intersection of State Route 29 and Rutherford Road/State Route 128. Operations at these facilities in the future, both with and without the project, range from level of service C to level of service F, where level of service (LOS) is a graded measurement of driver delay or roadway congestion for which LOS A indicates free flowing operations and LOS F indicates high traffic volumes or gridlock. The Napa County General Plan establishes a capital improvement planning goal of LOS D for most roadways with some exceptions that include State Route 29 in the vicinity of the project site, where LOS F is acceptable. The proposed project would contribute to traffic increases that would have the effect of increasing existing vehicle delays on roads in the project vicinity. Further, the additional employees and visitors generate vehicle trips and vehicle miles traveled (VMT).

Between LOS and VMT, only VMT is an environmental impact under the California Environmental Quality Act,

though the Commission could adopt conditions of approval pertaining to network impacts on LOS. The memorandum from the Department of Public Works recommends a condition that the applicant implement transportation demand management measures and participate in a traffic impact fee program currently under development in the County, that will fund construction of network vehicle and non-automobile facility improvements to help system LOS performance. To address VMT increases associated with the project, the applicant has implemented and has expressed intent to expand the winery's current programs for work-from-home and carpool cash incentive programs as a single-occupant trip reduction measure. Prior to current stay-at-home orders throughout the state due to the Covid-19 pandemic, two winery employees worked from home and 10 employees participated in the carpool cash incentive program. While physical distancing guidance has made carpooling more challenging, the winery operators have found that the increased number of remote workers as a result of the orders has not impaired the winery's operations. As a result, they anticipate a long-term increase in the number of workers who opt to participate in the existing work-from-home program, resulting in a notable VMT decrease of as much as 20 percent if each of the winery's 67 full-time employees chose to work from home at least one day a week, on average. The winery operators have also expressed their intent to continue their practice of providing visitor shuttles and rental of sport utility vehicles (SUVs) for transport of guests to the winery from local hotels and the Yountville Veterans' home (for large events).

Napa County General Plan Policy CIR-14 discourages permit applicants from providing unnecessary or excessive quantities of parking stalls for their uses. The proposed project would increase on-site parking from 45 to 106 stalls, with the majority of parking (67 stalls) provided behind the existing fermentation buildings on existing paved surfaces and in a new, 44-stall parking lot for employee vehicles. Over half of the parking stalls included with the request would not be visible from public rights-of-way due to their placement behind existing and proposed winery buildings. The additional stalls would also provide overflow parking for attendees of the winery's largest events. As parking for wineries is determined by use permit, the Planning Commission is tasked with determining whether the proposed increase in parking is consistent with the General Plan.

Grape Sourcing - All wine produced from the new winery would be subject to the requirement in Napa County Code Section 18.104.250, Subsection B, that at least 75 percent of the grapes used to make the winery's still wine, or the still wine used by the winery to make sparkling wine, be grown within Napa County. This requirement was a condition of the original Use Permit that is recommended to be carried forward into the current entitlement request (See Attachment B, Exhibit A)

Public Comments - As of the writing of this staff report, the County had received two letters of project support from Mondavi and Silver Oak wineries. Both letters are attached to this staff report as Attachment K.

Decision-making Options Regarding Remediating Existing Violations:

As noted in the Executive Summary, staff recommends approval of the project subject to conditions. Decision-making options also include a no project alternative (denial of the requested Use Permit Major Modification) and a reduced-intensity project alternative.

Option 1: Approve Applicant's Proposal with Conditions (Staff recommended option).

Disposition - This action would increase the entitled number of full-time winery employees from 21 to 67, with no change to the number of part-time employees (six). Water demands associated with the winery employee increase would fall within acceptable use thresholds for groundwater use, with estimated demand not exceeding 1 acre-foot per parcel acre per year. Trip generation and vehicle miles traveled by winery employees would triple compared to the permitted number; however, winery operators anticipate an increase in the number of full-time employees that opt to work from home, either everyday or some days of the week. If each employee worked remotely one day per

week on average (i.e., some employees may choose to work from home every day or most days while some choose to work on-site everyday), daily trips and vehicle miles associated with the employment increase would be proportionately reduced by 20 percent compared to the unmitigated project, consistent with the trip reduction objectives of General Plan Policy CIR-7.

Action Required - Follow the proposed action listed in the Executive Summary section of this staff report. If conditions of approval are to be amended, specify conditions to be amended at the time the motion is made. The proposal has been analyzed for its potential environmental impacts, which were determined to be less than significant with mitigation measures in the resource areas of Cultural Resources and Tribal Cultural Resources. Staff believes there is adequate rationale to support approving this component of the winery's request.

Option 2: Reduced-Intensity Alternative.

Disposition - All potential environmental impacts have been found to be less than significant through a combination of project design and conditions of approval. However, this option provides the Planning Commission at their discretion, the ability to further reduce potential impacts. This alternative would allow an increase in full-time winery employment, but to a lesser number than requested by the applicant. This option would require the winery operators to either reduce staff or to find alternative locations for some staff to work. While this is an option for the Commission, the potential for winery employees to work remotely is already a reasonable employment program for the winery to expand upon, and so the trip and mileage reductions of this option may be negligible compared to the proposed project.

Action Required - Follow proposed actions listed in the Executive Summary and amend the scope and project-specific conditions of approval to reduce the winery's full-time employment from 67 to a lesser number. The item would need to be continued to a future date if significant revisions to the recommended conditions of approval are desired.

Option 3: Deny the Requested Use Permit.

Disposition - As a result of this action, winery employment would not change from the entitled condition. This action could result in elimination of some winery positions if insufficient alternative workspace for the 46 employees is located off the premises, in a commercial or industrial location where administrative offices are permitted uses of land.

Action Required - In the event that the Commission determines that it cannot meet the required findings for grant of the requested Use Permit Major Modification, Commissioners must articulate the basis of the conflict with the findings. The Commission would then make a tentative motion to deny the proposal and remand the matter to staff to draft the required findings of denial, based on Commissioner's statements. Staff would return to the Commission with the findings of denial of the project on a specified date.

Option 4: Continuance Option.

The Commission may continue an item to a future hearing date without action at this meeting, at the Commission's discretion.

Decision-making Options Regarding Expansions Beyond Existing Entitlements:

As noted in the Executive Summary above, staff also recommends approval of those requested elements of the

application (staffing changes) that are not the subject of the code compliance matter. Decision-making options here also include a no project alternative and a reduced project alternative.

Option 1: Approve Applicant's Proposal with Conditions (Staff recommended option).

Disposition - This action would authorize production, visitation and marketing event program expansions, while also allowing physical changes to the site to add production square footage, rehabilitate and repurpose existing 19th century storage structures to winery accessory spaces, and add 61 parking stalls and reconfigure existing visitor parking and entry features, as described in detail in the paragraphs above. Improvements proposed with this option are consistent with zoning regulations for building winery setbacks, height, and coverage standards, and approval of the operational changes would support the winery's business development and the "economic viability of agriculture" in Napa County consistent with General Plan objectives (Goal E-1). Adequate area exists on-site to accommodate water demands and wastewater treatment requirements that correlate with the requested production increase, and while the number of parking stalls on-site would increase, so would the total acreage of vineyard. The winery operators would continue to promote trip reduction measures for guests through shuttle services but would also be subject to payment of fees to fund improvements to mitigate the winery's traffic impacts on regional facilities, should the Board adopt an applicable fee program prior to the issuance of a building permit for the project.

Action Required - Follow the proposed action listed in the Executive Summary section of this staff report.

Option 2: Reduced-Intensity Alternative.

Disposition - All potential environmental impacts have been found to be less than significant through a combination of project design and conditions of approval. However, this option provides the Planning Commission at their discretion, the ability to further reduce potential impacts. As with option 1, this option would allow an increase in production, visitation and/or marketing events, but to a lesser degree than that proposed by the applicant. As with option 1, vehicle trips associated with employees and visitors to the winery would increase but would be less than that anticipated with the project. Fewer parking stalls would be necessary under this alternative. If lesser additional production or visitation is approved, the proposed building expansion and renovation of the existing 19th century shed and barn of the property might not be pursued. This option would have proportionately fewer transportation and groundwater as compared to those discussed in the initial study prepared for the project, though impacts of the project were determined to be less than significant.

Action Required - Follow proposed actions listed in the Executive Summary and amend scope and project-specific conditions of approval to reduce production, visitation, and/or the size or number of the marketing events proposed to be added with this modification application. The item would need to be continued to a future date if significant revisions to the recommended conditions of approval are desired.

Option 3: Deny the Requested Use Permit.

Disposition - As a result of this action, the winery would continue to operate on the property under its currently permitted conditions. Full-time employment would be reduced back to 21 staff, and annual production and the winery's visitation and marketing programs would remain unchanged. There would be no physical changes to the current condition of the premises. Staff does not recommend this alternative because it would hinder the economic growth of the winery. While existing cultural resources that may be on-site would be unaffected because no ground disturbance would occur, denial of the modification would also preclude renovation of the existing 19th century farmstead buildings for winery accessory use. Vehicle trips, related vehicle emissions, and noise associated with

the request would be reduced compared to the current condition, as the 900-person and 1,000-person marketing events that were previously allowed under Temporary Event Permits would not occur anymore unless modified to qualify as cultural events. Still, as these events occur on only three days a year, the reduction of the impacts would be negligible.

Action Required - In the event that the Commission determines that it cannot meet the required findings for grant of the requested Use Permit Major Modification, Commissioners must articulate the basis of the conflict with the findings. The Commission would then make a tentative motion to deny the proposal and remand the matter to staff to draft the required findings of denial, based on Commissioner's statements. Staff would return to the Commission with the findings of denial of the project on a specified date. Under this alternative, the MND would not be adopted.

Option 4: Continuance Option.

The Commission may continue an item to a future hearing date without action at this meeting, at the Commission's discretion.

SUPPORTING DOCUMENTS

- A . Recommended Findings
- B . Recommended Conditions of Approval & Agency Memos
- C . Previous Conditions
- D . Initial Study Mitigated Negative Declaration
- E . Use Permit Application Packet
- F . Water Availability Analysis
- G . Wastewater Feasibility Study
- H . Traffic Impact Study
- I . Winery Comparison Analysis
- J . Public Comments
- K . Graphics

Napa County Planning Commission: Approve

Reviewed By: Charlene Gallina