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Agenda Date: 9/20/2017

Agenda Placement: 8D

Napa County Planning Commission Board Agenda Letter

TO: Napa County Planning Commission

FROM: VINCENT SMITH for David Morrison - Director
Planning, Building and Environmental Services

REPORT BY: GRAHAM HANNAFORD, PLANNER II -

SUBJECT: Materra Winery– Use Permit Major Modification # P17-00156-MOD

RECOMMENDATION

CUNAT PREMIUM VINEYARDS, LLC- MATERRA WINERY – USE PERMIT MAJOR MODIFICATION # P17-00156-MOD

CEQA Status: Consideration and possible adoption of an Addendum to the previously adopted 2015 Subsequent Negative Declaration for Materra Winery. Pursuant to CEQA Guidelines Section 15164, an addendum to an adopted Subsequent Negative Declaration may be prepared if only minor technical changes or additions are necessary or if none of the conditions contained in Section 15162 calling for preparation of a Subsequent Negative Declaration have occurred. Analysis of the current modification proposal to increase annual wine production identified no new significant impacts of the current project proposal. This 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 Major Modification (P17-00156 – MOD) to: 1) Increase in the winery's permitted annual production from 85,000 gallons of wine to 110,000 gallons of wine; 2) Modify the existing septic system on-site to include a new, 4,000-gallon, below-ground septic tank alongside the 5,000-gallons of underground tank storage area behind (east of) the new winery production building, in order to accommodate the additional process waste water from the proposed increase in production; and 3) Modify the allowed Marketing events to exclude the 25 and 50 person food and wine pairing events from August 1 through October 31. The winery buildings and outdoor processing areas on-site would not and do not need to be expanded for sake of the production increase, and the project applicant is not requesting any increases be made to the winery's approved parking, employment, or visitation and marketing programs. The 50-acre parcel on which the winery sits is located on the east side of Big Ranch Road near Oak Knoll Avenue, north of the City of Napa. The parcel is zoned AP (Agricultural Preserve) District; 4326 Big Ranch Road; Assessor's Parcel No. 036-160-003.

Staff Recommendation: Adopt an Addendum to the Subsequent Negative Declaration and approve the requested Major Modification to the previously approved use permit, as conditioned.

Staff Contact: Graham Hannaford, Planner II, phone 707-299-1361 or email graham.hannaford@countyofnapa.org

Applicant: Cunat Premium Vineyards, LLC, phone 815-385-3871 or email bgcunat@gmail.com

Applicant's Representative: Beth Painter, Balanced Planning, phone 707-287-9089 or email beth@bnpapa.com

EXECUTIVE SUMMARY

Proposed Actions:

That the Planning Commission:

1. Adopt the Addendum to the approved Subsequent Negative Declaration for Materra Winery based on Finding 1 of Attachment A; and
2. Approve Major Modification (P17-00156-MOD) based on Findings 2 through 6 of Attachment A, and subject to the recommended Conditions of Approval (Attachment B).

Discussion:

Materra Winery was originally approved in 2009 under Use Permit P08-00428-UP. The original Use Permit allowed for the production of 50,000 gallons of wine, the construction of a winery building with production, storage, offices, and tasting room facilities, construction of a new winery access road from Big Ranch Road, and a total of 26 marketing events. This Use Permit was modified with Very Minor Modification P13-00238-VMM, which modified the architectural style of the winery buildings and the design of the winery access road. The Use Permit was further modified by Major Modification P15-00071-MOD, which increased the production of the winery from 50,000 gallons annually to 85,000 gallons and the installation of an additional 2,000 gallon wastewater septic system.

The applicant proposes a modification to previously approved use permits for a winery approved at 4326 Big Ranch Road to: 1) Increase the annual production capacity from 85,000 gallons of wine per year to 110,000 gallons of wine per year; 2) Modify the existing septic system on-site to include a new, 4,000-gallon, below ground septic tank alongside the 5,000-gallons of underground tank storage are behind (east of) the winery production building, in order to accommodate the additional process waste water from the proposed increase in production; and 3) Modify the allowed Marketing events to exclude the 25 and 50 person food and wine paring events from August 1 through October 31, in order to ensure waste water capacity is not exceeded.

Staff supports approval of the Major Modification request, as there would be no increases in visitation or marketing event attendance, and thereby, no increases in visitor-related traffic above already permitted levels. The proposed increase in production would result in an annual increase of approximately 210 truck trips to and from the site for delivery of grapes during the six-week harvest season and winemaking products throughout the year. While water usage related to the increased production would increase, water usage would not exceed one acre-foot per parcel acre per year for the property. The addition of a 4,000-gallon septic tank would have insignificant visual impact on views of the area from Big Ranch Road, as the tank would be installed behind (east of) the winery's production building and below grade.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

Consideration and possible adoption of an Addendum to the adopted Subsequent Negative Declaration prepared for the winery in 2015 and adopted Mitigated Negative Declaration in 2009. Pursuant to CEQA Guidelines Section 15164 an addendum to previously adopted environmental documents may be prepared if only minor technical changes or additions are necessary or if none of the conditions contained in Section 15162 calling for preparation of a subsequent negative declaration have occurred. This project site is not on any lists of hazardous waste sites enumerated under Government Code Section 65962.5.

BACKGROUND AND DISCUSSION

Property Owner/Applicant: Cunat Premium Vineyards, LLC

Representative: Beth Painter, Balanced Planning, 1455 First Street, Suite 127, Napa; phone (707) 287-9089; email beth@bnapa.com

Zoning: AP (Agricultural Preserve) District

General Plan Designation: Agricultural Resource (AR)

Application Filed: April 12, 2017; **Application Complete:** June 21, 2017

Parcel Size: 50 acres

Winery Characteristics:

Approved/Existing Winery Building Size: 28,558 square feet (inclusive of hospitality and indoor and covered outdoor production areas)

Proposed Winery Building Size: No change

Approved/Existing Production Capacity: 85,000 gallons of wine per year

Proposed Production Capacity: 110,000 gallons of wine per year

Approved/Existing Winery Development Area: Approximately 34,050 square feet (inclusive of hospitality, indoor production areas, outdoor covered and uncovered production areas, and employee parking lot)

Proposed Winery Development Area: No change

Approved/Existing Winery Coverage: 8% of the site (maximum 25% allowed)

Proposed Winery Coverage: No change

Approved/Existing Accessory to Production Ratio: 18% (24,125 gross square feet production area, 4,433 gross square feet accessory area; maximum 40% of production area allowed)

Proposed Accessory to Production Ratio: No change

Approved/Existing Number of Employees: Three (3) full-time employees, three (3) part-time employees, and up to four (4) seasonal employees

Proposed Number of Employees: No change

Approved/Existing Visitation: By appointment, for up to 18 visitors per day, up to a maximum of 40 visitors per week

Proposed Visitation: No change

Approved/Existing Marketing Program: 12 events annually for up to 25 people, plus 12 events annually for up to 50 people, plus two (2) harvest events annually for up to 100 people

Proposed Marketing Program: No change

Approved/Existing Hours of Winery Operation: Monday through Friday, 7:00 a.m. to 5:00 p.m.; daily during crush

Proposed Hours of Winery Operation: No change

Approved/Existing Hours of Visitation: Daily, 7:00 a.m. to 5:00 p.m.

Proposed Hours of Visitation: No change

Approved/Existing On-site Parking: 24 stalls

Proposed On-site Parking: No change

Setbacks Required: 20 feet from side and rear lot lines, 600 feet from centerline of Big Ranch Road

Approved/Existing Setbacks: 645 feet from centerline of Big Ranch Road, 65 feet from nearest side property line.

Proposed Setbacks: No change (winery structures currently compliant with required setbacks)

Adjacent General Plan Designations/Zoning Districts/Land Uses:

North: Oak Knoll Avenue borders the site to the north. Beyond Oak Knoll Avenue are four parcels, including a 1.4-acre parcel developed with a single-family residence, two parcels (42.5 acres and 16 acres) planted with vineyards, and the 3.1-acre Oak Knoll Inn bed and breakfast. All properties are zoned AP (Agricultural Preserve) District and have a General Plan land use designation of Agricultural Resource.

South: Two parcels, including a two-acre single-family residential parcel and an 81.3-acre parcel developed with the Monticello Cellars winery and planted vineyard lands. All properties are zoned AP District and have a General Plan land use designation of Agricultural Resource.

East: The Napa River borders the site to the east. Beyond the river are two parcels, including a 4.7-acre single-family residential parcel and a 24.8-acre parcel planted with vineyards. All properties are zoned AP District and have a General Plan land use designation of Agricultural Resource.

West: Big Ranch Road borders the site to the west. Beyond Big Ranch Road are two parcels, including a 9.7-acre parcel developed with a single-family residence and planted with vineyards, and a 41.1-acre parcel planted with vineyards. All properties are zoned AP District and have a General Plan land use designation of Agricultural Resource.

Nearby Wineries (within one mile of project site):

Attachment K lists 14 wineries operating or approved to operate on properties within one mile of the Materra Winery site. Of the 14 wineries, four (4) have annual production levels that are comparable to the increase in production requested by Materra's operators.

Parcel History and Evolution of this Application:

On January 7, 2009, the Planning Commission approved a Use Permit (P08-00428 - UP) for Cunat Premium Vineyards to operate a wine production facility (Materra Winery) with visitation and marketing events on a 50-acre property located at 4326 Big Ranch Road. Up to that time, the property had been used for agricultural vineyard

purposes for roughly 50 years and was developed with a residence, barn and four other accessory structures related to the agricultural use. Grapes grown on-site were either sold to wineries or, more recently, processed off-site for bottling under the Materra label created in 2007. A Williamson Act contract, which ensured preservation of the property for agricultural use in exchange for certain property tax benefits, had been in effect on the property since 1975. In addition to agriculture, the contract allowed one single-family residence with accessory structures as a permitted use of the site, and it further allowed establishment of wineries on the property with a conditional use permit. The Williamson Act contract remains in effect to date, and current uses on-site are consistent with the terms of the contract.

The Planning Commission's 2009 Use Permit approval included: 1) an annual production capacity of 50,000 gallons of wine; 2) three full-time employees, three part-time employees, and up to four seasonal employees; 3) winery hours of operation between 7:00 a.m. and 5:00 p.m., Monday through Friday (harvest and crush season excepted); 4) an appointment-only tasting room, with attendance of up to 18 guests per day and no more than 40 guests per week; 5) 12 annual marketing events for up to 25 people, plus 12 annual marketing events for up to 50 people and two annual marketing events for up to 100 people; and 6) construction of a 15,371 square foot production building, a separate 5,094 square foot hospitality building (both buildings of a Mediterranean architectural style), and 5,145 square feet of loading area and outdoor crush pad. Following construction of the winery, 43 of the 46 acres of vineyard would remain on-site. Though not included with that action, the applicant at the time expressed intent to build a new single-family residence on the property.

In October 2010, the applicant received the first permit (sewage system installation, Engineering permit E10-00434) related to construction of the winery, and on April 4, 2011, the Planning Director determined that the use permit approval had been exercised (Use Determination Application P11-00062).

On March 24, 2014, the Planning Director approved Very Minor Modification Application P13-00283 – VMM. Notice of intent to approve P13-00283 – VMM was mailed to owners of property within a 300-foot radius of the boundaries of the Materra Winery property, prior to approval of the application. With approval of P13-00283 – VMM, the project entitlements were revised to include: 1) a change in the architectural style of the winery buildings, from Mediterranean to French farmhouse; 2) a decrease in the hospitality room area from 5,094 square feet to 3,268 square feet, and construction of the hospitality room in the same structure as the barrel storage room; 3) an increase in the winery production building area from 15,371 square feet to 22,850 square feet; 4) alignment of the winery access driveway from Big Ranch Road, to a new location 200 feet south of Oak Knoll Avenue, consistent with the adopted CEQA mitigation measure; and 5) on-premise wine consumption, consistent with Assembly Bill 2004 (Evans), in the tasting room/barrel storage building and adjacent landscaped area.

Construction of the winery and related on-site improvements, which commenced in late 2010, was recently completed in April 2015. The single-family residence and associated agricultural buildings have been demolished. The attached graphics depict the site layout and new production and barrel storage/hospitality buildings. There are currently no active permits for any new single-family residence on-site, though the applicant still has plans for future construction of a house on the property.

On September 16, 2015, the Planning Commission approved Major Modification Application P15-00071-MOD, increasing the facility's maximum production to 85,000 gallons of wine annually. The production was proposed to take place in the existing on-site facilities, and the only improvement proposed was a 2,000 gallon septic tank to process the potential increase in wastewater. This septic system has not been constructed at this time.

Following completion of construction and demolition activities, the 50-acre property has approximately 46 acres of vineyards; this acreage includes 2.5 acres that were not previously in production. Since 2008, the property owner has been undergoing a process to replant the existing vineyard on-site and anticipates receiving a higher yield of seven tons per acre from the new vines as compared to the older vines, which were producing an average of two tons per acre. Additionally, the owner has purchased two parcels to the north-east of the project site, APNs 039-

400-082 and 039-400-083, which combined measure 18.86 acres in size and contain approximately 17 acres of planted vineyard. In order to process this additional tonnage along with the estate grown grapes and the 189 tons of Napa County grapes currently contracted for, the winery owner is requesting the use permit modification to increase the maximum allowable production capacity of the winery.

Code Compliance History:

There are no records of prior code violations related to this property.

Discussion Points:

Setting - The 50 acre parcel is located at the intersection of Big Ranch Road and Oak Knoll Avenue, approximately 1/4 mile southwest of the Silverado Trail/Oak Knoll Avenue intersection. The parcel is bounded by Big Ranch Road to the southwest, Oak Knoll Avenue to the northwest, and the Napa River to the northeast. Existing vineyards border the property to the southeast, as well as a smaller residential parcel. Existing vegetation runs along the northwest and northeast parcel lines, providing natural screening. Current development consists of the Materra Winery and associated structures. 35.2 acres of the 50 acres are planted in vineyard, with the remainder of the land taken up with access roads, the winery, and the Napa River. Approximately 33% of the parcel is within the 100-year flood plain, with an additional 20% within the 500-year flood plain.

Modifications to Winery Operations – The applicant is requesting a modification to the winery use permit in order to increase the annual production capacity of the winery from 85,000 gallons to 110,000 gallons of wine. The winery buildings and outdoor processing areas on-site would not and do not need to be expanded for the sake of the production increase, and the applicant is not requesting any other increases to the winery's approved parking, employment, or visitation and marketing programs. In order to accommodate the additional process waste water from the proposed increase in production, a new 4,000-gallon septic tank is proposed to be added to the 5,000-gallons of tank storage area just to the east of (behind) the new winery production building. This new tank would not be visible from Big Ranch Road due to its placement underground, behind the recently-built buildings on-site. The previously approved 2,000-gallon septic tank approved with P15-00071-MOD was never constructed, and the proposed 4,000-gallon septic tank would be adequately sized to handle the wastewater of the previous approvals and the currently proposed modification.

The increase in production combined with the wastewater expected with daily winery operation is expected to produce an average of 2,954 gallons per day (gpd) of wastewater during the harvest season. The current wastewater disposal field has a maximum capacity of 3,111 gpd. This maximum capacity would be exceeded if the winery were to host a food and wine event of either 25 or 50 guests. To prevent this from happening, staff is including a condition of approval (COA #4.3) which requires that no food and wine events be held during the harvest season, from August 1 through October 31. After the harvest season is over, typical waste water levels would return to normal and the system will again be able to handle temporary increases in usage from marketing events. The previously approved 100 guest harvest events will not be affected, as they are approved to use portable toilets which are not connected to the on-site septic system.

Winery Comparison Analysis - The applicant is requesting an increase in production from 85,000 gallons to 110,000 gallons per year. No changes in the winery's visitation and marketing program is being requested with the exception of restrictions placed on marketing events for either 25 or 50 guests to address the winery's wastewater system operation (see discussion above). Staff has provided a comparison table for wineries with annual production of 100,000 to 120,000 gallons per year. As shown in Attachment K, the requested production increase falls above the average and median for similar production size winery facilities. The overall previous approved visitation and marketing program is commensurate with the proposed production request. Given that there have been no significant environmental impacts identified, and that sufficient water supply is available for the project site and wastewater system increase can be accommodated, staff has concluded that the project merits approval as

proposed subject to recommended conditions attached to this report.

Groundwater Availability – The proposed increase in wine production would increase the winery's demand for water. The property receives irrigation water from two on-site wells and an existing reservoir on the property to the south of the site, and is licensed by the California State Water Resources Control Board to draw up to 76.5 acre-feet of water from the Napa River each year for irrigation and frost protection purposes (35 acre-feet for reservoir storage between January 15 and March 15, and up to 2.99 cubic feet per second between March 15 and May 15 for replenishment of storage; Division of Water Rights License 11513).

The applicant's engineer submitted with the use permit modification application an estimate of water use associated with the requested production increase. The report was prepared in accordance with current Napa County Water Availability Analysis Guidelines (May 2015) and indicated that with the proposed increase in production, estimated water use at the site would be 40.6 acre-feet per year. There is no anticipated increase in water use from what was presented as of the 2015 use permit modification approval. Previously submitted vineyard irrigation estimates were greater than what has been required on-site, according to the applicant. However, even if the original vineyard irrigation estimates were correct, the additional production would only increase the usage by approximately 0.5 acre-feet-per year, bringing the total usage to 41.1 acre feet per year. This is still well below the 50 acre-feet-per year that the County has established as an acceptable threshold for groundwater extraction. Thus, while water use on the site could potentially increase as a result of the proposed production increase, the estimated increase in water demand would be within the County's acceptable threshold of no more than one acre-foot of water per parcel acre per year for full winery operation, without accounting for any offset of water use as a result of extraction of water from the adjacent water reservoir and Napa River.

Wastewater System - The winery is currently served by separate systems for sanitary and process waste. The sanitary waste septic system has a 4,500 gallon capacity tank, with peak three-day flows of 2,862 gallons based on employees and guests to the winery. The existing process waste septic system has a 5,000 gallon capacity tank, which will not accommodate the proposed increase. An additional 4,000 gallon tank is proposed to be installed in series with the existing system to process the additional demand.

The wastewater disposal field has a peak capacity of 3,111 gallons per day. As proposed, with no marketing events making use of the septic system during peak harvest times, the combined peak flow of sanitary and processing wastewater will be approximately 2,954 gallons per day, below the system's capacity.

Grape Sourcing - Napa County Code Section 18.104.250 specifies that production capacity of new wineries be determined with approval of a use permit, and that at least 75 percent of grapes processed at wineries in the AP and AW (Agricultural Watershed) Districts be grown in Napa County. The applicant currently has use permit approval under P15-00071-MOD for a production capacity of 85,000 gallons of wine per year and is in compliance with this code section. With submittal of the current use permit Major Modification application to increase the currently approved production levels, the applicant is pursuing continued compliance for a higher production level. The need for a higher production level comes from the purchase of adjacent parcels totaling 18.86 acres in land with approximately 17 acres of vineyard. This is in addition to the previously approved production of approximately 357 tons of on-site grapes and 189 tons of existing Napa County grape contracts.

Greenhouse Gas Reduction Strategies – The current Major Modification application does not involve construction of any new buildings on the property; however, the recently-built structures incorporate several sustainable design elements that help to reduce interior temperature control demands and thereby reduce greenhouse gas emissions related to energy use from indoor cooling needs. These elements include light-colored, reflective, exterior roofs and walls; six-inch thick exterior wall insulation; fans and vents that facilitate capture of cool, morning and evening air inside of the building; and an extended roof overhang that provides shade to the production building's southern elevation. The building also includes water-efficient plumbing and energy-efficient lighting fixtures, and it was built according to the criteria as a LEED™ Silver building. Though not currently installed, the

applicant plans to install photovoltaic (solar) panels on the building roof and over an on-site septic system leachfield, within the calendar year, and anticipates that the installation would accommodate over 100 percent of the winery's energy needs using a renewable energy source.

Other sustainable measures implemented with vineyard and winery operations include recycling of agricultural waste as ground fertilizer in the vineyard rows. Planting recently completed with the new buildings' construction includes water-efficient landscaping; installation of native plant species near the property's eastern boundary at the Napa River; removal of invasive plant species; and installation of swales facilitating biofiltration of stormwater runoff.

Public Comments – To date, there have been no public comment letters received.

Decision-Making Options:

As noted in the Executive Summary Section above, staff is recommending approval of the project with conditions of approval as described in Option 1 below.

Option 1: Approve Applicant's Proposal (Staff Recommendation)

Discussion - Primary operational changes resulting from this option would be an increase in the production capacity for the winery and the suspension of the previously approved 25 and 50 person food and wine pairing marketing events from August 1 to October 31. This option has been analyzed for its environmental impacts, which were found to be less than significant. Furthermore, the project as proposed meets all County Code requirements and complies with General Plan policies. There exist operational factors, including compliance with all WDO and Zoning Code regulations, and no significant environmental impacts, sufficient water supply, which have led staff to conclude that the project merits the approval as proposed and conditioned.

Action Required – Follow the proposed action listed in the Executive Summary and amend scope and project specific conditions of approval to place limits on use. If major revisions of conditions of approval are required, the item will need to be continued to a future date.

Option 2: Reduced Project Alternative

Discussion - This option could result in a potential decrease in production capacity.

Action Required – Follow proposed actions listed in the Executive Summary and amend scope and project specific conditions of approval to place limits on use. If major revisions of conditions of approval are required, the item will need to be continued to a future date.

Option 3: Deny the Applicant's Proposal

Discussion - In the event the Commission determines that the project does not, or cannot meet the required findings for grant of a use permit modification, Commissioners should articulate what aspect or aspects of the project are in conflict with required findings. State law requires the Commission to adopt findings, based on the General Plan and County Code, setting forth why the proposed use permit modification is not being approved. Based on the administrative record as of the issuance of this staff report, there does not appear to be any evidence supporting denial of the project.

Action Required – Commission would take tentative motion to deny project and remand the matter to staff for preparation of required finding to return to the Commission on specified date.

Option 4: Continuance Option

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

SUPPORTING DOCUMENTS

- A . Reccomended Findings
- B . Recommended Conditions of Approval
- C . Previous Conditions of Approval
- D . Recommended CEQA Addendum
- E . Previous Negative Declaration/ Initial Study
- F . Application Material
- G . Water Availability Analysis
- H . Revised Wastewater Analysis
- I . Traffic Study
- J . Graphics
- K . Winery Comparison Charts

Napa County Planning Commission: Approve

Reviewed By: Charlene Gallina