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**PLANNING COMMISSION STAFF REPORT  
MAY 31, 2018**

AGENDA ITEM 7.A File No. PL16-0054 – **TRINITAS MIXED USE PROJECT**

**I. GENERAL INFORMATION**

**PROJECT SUMMARY:** Consideration of an Environmental Impact Report (EIR), a Statement of Overriding Considerations, a Mitigation Monitoring and Reporting Plan (MMRP), Planned Development (PD) Overlay Zoning, Use Permit, and Design Review applications for a mixed use project consisting of: 1) a four story 253 room “dual branded” hotel building consisting of a 100 room Marriott Residence Inn and a 153 room AC Hotel; 2) a single story 26,214 square foot winery building; and 3) a two story 29,878 square foot office building, along with associated parking (441 parking spaces) on a 11.55 acre site

**LOCATION OF PROPERTY:** 2650 Napa Valley Corporate Drive  
APNs 046-610-009, 019, 020

**GENERAL PLAN:** CP-720, Corporate Park

**ZONING:** Industrial Park – Area A (IP-A); Industrial Park – Area B (IP-B); Airport Compatibility (AC) Overlay

**APPLICANT/PROPERTY OWNER:** Pacific Hospitality Group                      Phone: (949) 474-7368  
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2532 Dupont Drive  
Irvine, CA 92612

**STAFF PLANNER:** Victor Carniglia, Contract Planner                      Phone: (707) 257-9530

## LOCATION MAP



## II. PROJECT DESCRIPTION

The Applicant requests a Planned Development Overlay Zoning, Use Permit, and Design Review Permit for a mixed-use project consisting of: (1) a four-story 253-room “dual branded” hotel building consisting of a 100-room Marriott Residence Inn and a 153-room AC Hotel; (2) a single-story 26,214 square foot winery building; and (3) a two-story 29,878 square foot office building, along with associated parking (441 parking spaces) on a 11.55-acre site.

The project approvals requested as part of this application include:

1. Environmental Impact Report (EIR) Certification: This development proposal and the actions listed are subject to preparation and circulation of an EIR (provided separately and included by reference in the Attachments section of this report below) pursuant to the California Environmental Quality Act (CEQA). Prior to taking action on the project entitlements, the City Council must adopt a resolution certifying the Trinitas Mixed Use Project Final EIR, adopting certain findings of fact, adopting a Statement of Overriding Considerations and adopting a Mitigation Monitoring and Reporting Program (MMRP).
2. Rezone the property to Planned Development (PD) Overlay District: A PD Overlay District is proposed to allow for flexibility in development standards to allow a slight reduction in required parking and a small increase in the height limit for areas of the site, which requires adoption of an Ordinance by the City Council.
3. Use Permit: The proposed hotel use requires the approval of a Use Permit in the “Industrial Park A & B” (IP) zoning designation. Based on a recent change to the City’s Municipal Code, a Use Permit for a hotel requires a recommendation by the Planning Commission and final action by the City Council.

4. Design Review Permit: Approval of the site layout, landscaping, and proposed hotel, winery, and office buildings requires Design Review Permit approval. Design Review is also needed for the hotel building to exceed 50 feet and 3 stories in height in the IP-A Zone. The proposed signage, which is consistent with the previously approved sign program for the Business Park, is subject to Staff review and approval.

The project site is located within the Airport Land Use Commission's (ALUC) Airport Land Use Compatibility Plan (ALUCP) Study Area, which evaluates property using a scale of "A" to "E", with land ranked "A" having the most restrictions and land with a "E" ranking having the fewest restrictions. While the majority of the Trinitas site has a lower "E" ranking, a portion of the southern end of the Trinitas site has a combination of the more restrictive "C" and "D" rankings. The hotel building itself is split between the "C" and "E" Zones, with a 12,400 square foot section of the hotel (representing approximately 8% of the total hotel building square footage) located within the more restrictive "C" Zone. A small area of the hotel parking lot is within Zone "D".

### III. SUMMARY

On May 17, 2018, the Planning Commission held a public hearing on the Trinitas Mixed Use Project and associated Final Environmental Impact Report. Staff recommended that the Commission hear the item by accepting presentations, opening the public hearing, discussing the item, and providing initial comments that would be useful in preparation for a future scheduled meeting. Because certain documents were not made available to the Commission and the public ahead of the meeting, Staff further recommended that the Commission not take action and that the Commission ultimately continue the public hearing to a special Commission meeting on May 31, 2018.

As recommended, the Commission received a presentation by Staff and the City's environmental consultant CAA Planning summarizing the Project, highlighting project issues, and identifying key components and findings of the Project EIR. The Applicant made a presentation describing the Project in detail. After questions of Staff and the Applicant, the Commission opened the public hearing and received testimony from members of the public. After receiving public testimony, the Commission discussed various aspects of the Project. The Commission provided direction to Staff on a number of issues, including requests by the Commission for additional information. The Planning Commission left the hearing open and continued the Trinitas Project to a special Commission meeting to be held on May 31, 2018.

This report contains a significant number of attachments. The initial attachments (Attachments 1 thru 4) represent the various resolutions and ordinances required for an advisory recommendation to the City Council on this Project, which are discussed in the "Actions/Approvals Requested" section of this report. These attachments are followed by a copy of the Staff Report (Attachment 5) prepared for the May 17, 2018 Planning Commission meeting, which was previously distributed to the Commission. The remaining attachments (Attachments 6 and 7) contain additional information as identified and described in the following "Key Issues" section of this report.

#### IV. KEY ISSUES

The key issues raised by the Commission and by the public at the May 17, 2018 Planning Commission meeting are identified and discussed below. Follow up information is also provided as appropriate.

##### A. PROJECT EIR

Just prior to the May 17, 2018 Commission meeting, the City received a letter from a legal firm representing a group by the name of “Napa Residents for Responsible Development” (Attachment 6). This letter identified issues with the EIR and supporting environmental documents prepared for the Project. A response was prepared by the City’s environmental consultant (Attachment 7) that addresses the comments raised in the attached letter (Attachment 6). Based on the responses prepared by the City’s environmental consultant, Staff continues to believe that Project EIR prepared for the Project, inclusive of the additional information contained in Attachment 7, adequately addresses the environmental impacts of the Project. Also included with the City’s environmental consultant response is a supplemental biological study that addresses questions raised in the letter.

##### B. AIRPORT LAND USE COMPATIBILITY ZONES AND REQUIREMENTS

Questions were raised by Commissioners and the public regarding the location of the Project within the airport overflight compatibility zones. A portion of the Residence Inn comprising approximately 12,400 square feet of floor space is located within ALUC Zone C. The Commissioners noted that the Zoning Ordinance states that hotels are a use “not normally acceptable” in Zone C, and that the persons per acre for the hotel (46.5 persons per acre, based on up to 80% occupancy of the hotel) comes close to the Zone C maximum threshold of 50 persons per acre in structures.

This issue is discussed in the environmental consultant’s response to comments (see Attachment 7). In addition, Staff spoke with Airport Land Use Commission (ALUC) Staff about this issue. Consistent with a previous Planning Commission report, the County explained that different areas within the same compatibility zone, such as Zone C, may have different development limitations depending on where the site lies in relation to the airport flight path and other factors. This ability to make distinctions within the same compatibility zone is within the purview of the ALUC, which is one reason why projects within airport overflight compatibility zones are formally referred to the ALUC before the City Council takes final action on the Project. If the Planning Commission has concerns about specific issues concerning airport compatibility, then the Commission may choose to forward those concerns to the ALUC as part of the referral process. In the Recommendation section below, Staff has identified an alternative that would allow the Planning Commission to recommend removal of the portion of the hotel located within Zone C if desired.

##### C. TYPE/AMOUNT OF LANDSCAPING PROPOSED FOR SR 221 FRONTAGE

Several Commissioners raised questions about the type and amount of landscaping that could be expected to be installed within the 50 foot wide easement area along the Trinitas Project’s SR 221 frontage, as well what would be screened by the landscaping. As Staff

stated at the meeting, the purpose of the condition of approval requiring additional landscaping in the area is to screen the large surface parking areas located in front of the winery and AC Hotel that otherwise would be clearly visible from both north and south bound motorists on SR 221.

The Commission requested that conceptual landscape plans be provided for this 50 foot wide easement area along the Project's SR 221 frontage. Two new 11 by 17 inch drawings, one of which depicts the proposed plantings for this easement. The other new drawing is an updated rendering of the view from SR 221 that includes landscaping within the 50 foot easement. Based on a review of this additional material, Staff believes that the landscaping provides screening of the parking areas.

#### D. WINERY CONDITIONS OF APPROVAL

The Commission raised questions regarding the operation of the proposed winery. The Commission requested that a condition of approval be included to ensure that the winery's maximum output, which is proposed at 50,000 cases per year, remains consistent with the winery's capacity to treat wastewater resulting from winery activities. A condition has been added to the Use Permit/Design Review Resolution (see Condition #21 on page 10 of the UP/DR Resolution, Attachment 3).

Questions were also raised as to whether the conditions and restrictions on the winery were sufficient given "typical" winery conditions placed on other winery projects. It is important to note that many of the conditions of approval typically imposed on wineries located in the County Agricultural Zones are not applicable to a winery located in a City industrial zoning district given the different contexts. However, Staff has reviewed previous conditions utilized for other winery projects, and as a result of this review has added 11 conditions to address winery operations.

Another winery related issue that arose at the May 17, 2018 Commission hearing was regarding grape sourcing. As noted by Staff at the hearing, the Project site is in the Industrial Park IP(B) District and the City's Zoning Code. As provided in the Zoning Ordinance, a minimum of 75% Napa Valley grape sourcing does not apply to wineries in the City's industrial zoning districts. The basis for this determination by the Council, in its recently approved ordinance (July 2015), was that there must be a reasonable nexus for such a restriction, which can be applied to wineries within the City's agriculturally zoned areas, but the nexus for similar grape sourcing requirements cannot be made for wineries in the City's industrial zones. This same determination has been made by the County in its ordinances. Based on this information, Staff concluded that the City does not have the authority to impose a grape sourcing condition on the Project.

#### E. HOUSING FOR HOTEL EMPLOYEES

The Commission expressed concern about housing for employees that would work at the two hotels, and asked the Applicant about their plan to which the Applicant responded they will be paying all City fees. It is Staff's understanding, based on discussions with the Applicant subsequent to the May 17, 2018 Planning Commission meeting, that the Applicant will be presenting additional ideas to address housing needs at the May 31, 2018 Commission meeting. Regardless, Napa Municipal Code Chapter (NMC) 15.94 imposes an affordable housing impact fee on both new residential and nonresidential

development to help bridge City policies and programs to fill the affordability gap between market rate and affordable units for lower wage earners. The current fee is between \$3.50 (office) and \$6.00 (hotel) per square foot. Unless and until the NMC is amended by the Council, the City cannot require the Applicant to provide by other means a contribution of housing either physically elsewhere in the community (housing is not allowed in the IPB District) or a different contribution toward housing than provided in the NMC. An applicant may seek an “alternative equivalent” to the affordable housing impact fee, but cannot be compelled to do so by condition.

## F. FLOOR AREA RATIO (FAR) AVERAGING

As noted by Staff at the May 17, 2018 Commission meeting, Section 17.52.120.C of the City’s Zoning Ordinance provides that “[i]n cases where a project site encompasses several buildings on several lots, the floor area ratio may be combined and averaged over the entire project site.” This Section refers to averaging over “the entire project site” without defining the word “site.” In the past referencing the only known instance where this provision was applied, the City interpreted this provision to apply to properties developed as a unit, although the involved properties were separated by a street. This is what happened in the case of FAR averaging for the Meritage Resort and Meritage Commons projects, which are adjacent but separated by a public street (Bordeaux Way).

This Project proposes to average Floor Area Ratios (FAR) across the Trinitas Project site and the nearby Meritage Resort and Meritage Commons sites. The Commission expressed concern about applying the FAR averaging provisions of the Zoning Ordinance (Section 17.52.120) to non-contiguous sites. The Trinitas Project, while it will operate in a synergistic fashion with Meritage Resort and the Meritage Commons properties and is under common ownership, is not physically contiguous with the Meritage Resort. Based on the Commission’s concern, Staff further evaluated the issue and concluded that absent a definition of “site” or a requirement that the lots be contiguous, the Zoning Code provides the Commission with flexibility for FAR averaging across the three sites.

Subsequently, Staff spoke with the Applicant who most recently expressed concern that the deed restriction on Meritage Resort and Meritage Commons, identified in the Final EIR as Mitigation Measure LUL-4, may be infeasible. Staff has modified Mitigation Measure LU-4 to allow for a different mechanism that would restrict development on the other properties in order to allow the Project to include additional building area. Given the concern expressed by the Commission about FAR averaging across non-contiguous sites and the potential infeasibility of the deed restriction as a mitigation measure, the Commission may recommend that the Project be revised to eliminate approximately 10,000 square feet of building area, which would bring the Project within the 0.40 FAR maximum in the General Plan and eliminate the need to average FARs across the three sites.

An option has been included in the following “Alternatives” section addressing this issue.

## V. ACTIONS/APPROVALS REQUESTED

The following project approvals are requested as part of this application. The Planning Commission will be recommending to City Council on the following aspects of the Project:

5. Environmental Impact Report (EIR) Certification: This development proposal and the entitlement actions listed below have been subject to preparation and circulation of an EIR (distributed previously to the Planning Commission in the form of a Draft and Final EIR) pursuant to the California Environmental Quality Act (CEQA). Prior to taking action on the Project entitlements, the City Council must certify the Trinitas Mixed Use Project Final EIR, adopt Findings of Fact and a Statement of Overriding Considerations for Green House Gas (GHG) impacts and adopt a Mitigation Monitoring and Reporting Program (MMRP).
6. Rezone the property to Planned Development (PD) Overlay District: A PD Overlay District is proposed to allow for flexibility in development standards to allow a slight reduction in required parking from 444 to 441 spaces, and an increase in the maximum building height limit to 38 feet from the standard of 30 feet within the Industrial Park (IP) B Zoning district.
7. Use Permit: The proposed hotel use requires the approval of a Use Permit in the Industrial Park (IP) A zoning designation. A Use Permit is also needed for the hotel building located in Zone C to exceed 50 feet and 3 stories height limit in the IP-A Zone in accordance with NMC Section 17.34.050.E.2. The proposed winery requires a use permit in the Industrial Park (IP) B Zoning District. In addition, based on a recent change to the City's Municipal Code, a Use Permit for a hotel in the City of Napa requires a recommendation by the Planning Commission with action by the City Council.
8. Design Review Permit: Approval of the site layout, landscaping, and proposed hotel, winery, and office buildings requires Design Review Permit approval. Design Review is also needed for the hotel building to exceed 50 feet and 3 stories height limit in the IP-A Zone. The proposed signage, which is consistent with the previously approved sign program for the Business Park, is subject to Staff review and approval.

Referral to the Airport Land Use Commission: While not an entitlement action, the Municipal Code requires that a project located within Land Use Compatibility Zones C and D as established by the Airport Land Use Commission (ALUC) be referred to the ALUC by the Planning Commission prior to formal action by the City Council. The hotel building itself is split between the C and E Zones, with a 12,400 square foot section of the hotel (representing approximately 8% of the total hotel building square footage) located within the more restrictive C Zone. The ALUC is scheduled to consider the Trinitas Project on June 6, 2018.

## VI. STAFF RECOMMENDATION

Staff has prepared the following range of actions for the Commission to consider for the Trinitas Project:

Alternative 1: This alternative consists of approval of the Project as proposed subject to the conditions contained in the attached resolutions, in accordance with the various requested entitlements as described in the preceding section "Actions/Approvals Requested." If this alternative is selected, the Commission would recommend that the City Council (1) certify the FEIR, adopt Findings of Fact and a Statement of Overriding

Considerations, and adopt a Mitigation Monitoring and Reporting Program (MMRP); (2) adopt an ordinance establishing a Planned Development Overlay District for the Site to allow for increased height and reduced parking; and (3) approve a Use Permit and Design Review Permit; and would refer the Project to the ALUC.

Alternative 2A: This alternative was prepared in response to the concerns raised by several Commissioners at the May 17, 2018 Planning Commission meeting regarding interpreting the City's Zoning Ordinance (Section 17.52.120 of the Municipal Code) to allow Floor Area Ratio (FAR) averaging over non-contiguous properties. Under this alternative, the Commission would recommend approval of the Project with a condition of approval that the Project be revised to reduce the floor area of the Project by approximately 10,000 square feet to eliminate the need for FAR averaging. If this alternative is selected, the Commission would recommend that the City Council (1) certify the FEIR, adopt Findings of Fact and a Statement of Overriding Considerations, and adopt a Mitigation Monitoring and Reporting Program (MMRP); (2) adopt an ordinance establishing a Planned Development Overlay District for the Site to allow for increased height and reduced parking; and (3) approve a Use Permit and Design Review Permit; and would also refer the Project to the ALUC.

Alternative 2B: If the Commission remains concerned about the location of the Project within Zone C, the Commission could also recommend that, in conjunction with Alternative 2A, the Project be revised to shift the portion of the hotel currently depicted in Zone C (approximately 12,400 square feet) out of Zone C. If the Project is reduced in size by 10,000 square feet, the provision in the proposed PD Overlay requesting a minor reduction in required parking would no longer be necessary. If this alternative is selected in conjunction with Alternative 2A or standalone, the Commission would recommend that the City Council (1) certify the FEIR, adopt Findings of Fact and a Statement of Overriding Considerations, and adopt a Mitigation Monitoring and Reporting Program (MMRP); (2) adopt an ordinance establishing a Planned Development Overlay District for the Site to allow for increased height; and (3) approve a Use Permit and Design Review Permit; and would also refer the Project to the ALUC.

Alternative 3: If the Commission decides to not recommend approval of the Project, under this alternative the Planning Commission would recommend Project denial, and would provide appropriate findings to support a denial recommendation. If this alternative is selected, the Commission would also refer the Project to the ALUC.

## VII. DOCUMENTS ATTACHED

1. Resolution Certifying Project EIR and Adopting Findings of Fact and Statement of Overriding Considerations
2. Ordinance - Planned Development Overlay
3. Use Permit/Design Review Resolution
4. Revised Mitigation Monitoring and Reporting Plan
5. Copy of Trinitas May 17, 2018 Planning Commission Staff Report
6. Public Correspondence
7. Response to Adams Broadwell letter prepared by Environmental Consultant, along with a supplemental biological analysis

Drawings enclosed:



- Colored Copy of Project Drawings in 11x17 inch format
- 11 x 17 visual simulation of added landscaping on SR 221
- 11 x 17 updated landscape plan depicting planting in 50 foot wide easement along SR 221 Project frontage

Previously distributed:

- [Draft and Final Trinitas Mixed Use Project EIR](#)