



Staff Reports

File #: 1466-2018, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Rick Tooker, Community Development Director
Prepared By: Victor Carniglia, Contract Planner

TITLE:

Trinitas Mixed Use Project, Proposed Development of a Dual Branded Hotel, Winery and Office Building on a 11.55 acre site located at 2650 Napa Valley Corporate Drive

RECOMMENDED ACTION:

- (1) Adopt a resolution certifying the Environmental Impact Report for the Trinitas Mixed Use Project at 2650 Napa Valley Corporate Drive (APNS 046-640-009, 019, 020), adopting certain Findings of Fact and a Statement of Overriding Considerations, and adopting a Mitigation Monitoring and Reporting Program ;
- (2) Deny the application for an ordinance approving a Planned Development (PD) Overlay District to establish development standards for the Trintas Mixed Use Project at 2650 Napa Valley Corporate Drive (APNS 046-640-009, 019, 020) and determining that the actions authorized by this ordinance were adequately analyzed by a previous CEQA action; and
- (3) Adopt a resolution approving Use Permits for the proposed hotel and winery uses and a Design Review Permit for the mixed use project at 2650 Napa Valley Corporate Drive (APNS 046-610-009, 019, 020) and determining that the actions authorized by this resolution were adequately analyzed by a previous CEQA action.

DISCUSSION:

PROJECT DESCRIPTION

The Applicant, Pacific Hospitality Group, requests a Planned Development (PD) 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 total parking spaces) on a 11.55 acre site located within the Napa Valley Commons Corporate Park (“Project”). An Environmental Impact Report (EIR) and Mitigation Monitoring and Reporting Plan (MMRP) have been prepared for the Project.

The Project approvals requested as part of the application include:

1. Environmental Impact Report (EIR) Certification: The Project is subject to preparation and circulation of an EIR (provided separately and included by reference in this Agenda Report) pursuant to the California Environmental Quality Act (CEQA). Prior to taking action to approve

the Project entitlements, the City Council must adopt a resolution certifying the Trinitas Mixed Use Project Final EIR, adopting certain findings of fact and a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program (MMRP).

2. Rezone the property to Planned Development (PD) Overlay District: A PD Overlay District is proposed by the Applicant to allow a reduction in the minimum required parking from 444 to 441 spaces and an increase in the maximum building height limit within the Industrial Park (IP) B Zoning District from 30 feet to 38 feet, which requires adoption of an Ordinance by the City Council.
3. Use Permit: The proposed hotel and winery uses require the approval of a Use Permit in the “Industrial Park B” (IP-A and IP-B) 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 design of the hotel, winery, and office buildings requires Design Review Permit approval. A Design Review Permit is also needed for the hotel building to exceed 50 feet and 3 stories in height in the IP-B Zone. The proposed signage is conceptual and will be reviewed at a later date.

SITE DESCRIPTION

The 11.55 acre project site is located within the Napa Valley Commons Corporate Park, and is bordered by SR 221 on the east, Napa Valley Corporate Way to the south, two existing office/light industrial buildings and Napa Valley Corporate Drive to the west, and a vacant parcel currently owned by Kaiser Corporation to the north. The site is visible due to its location along SR 221 with approximately 750 lineal feet of SR 221 frontage. The surrounding area is largely built-out with low-rise office and light industrial development and hospitality uses. The site of the proposed Napa Pipe Project is located immediately to the west of the Napa Valley Commons Corporate Park. The Project site is also within the flight path of the Napa County Airport, which is located approximately four miles to the south.

DETAILED PROJECT DESCRIPTION

The 253-room hotel building contains two separate but related hotel operations, consisting of a Marriott AC Hotel with 153 rooms and a Marriott Residence Inn with 100 rooms. The four-story hotel building has a height of 57 feet, and 155,557 square feet of total floor area. The four-story hotel is located closer to SR 221 than the single-story winery and the two-story office building; therefore, the hotel is the most visually prominent structure on the site. While the two hotel operations will have separate entries and lobbies, the “dual branding” allows for shared facilities, including a shared swimming pool, lounge, fitness room, and common administrative office space.

The hotel component of the Project will function in a synergistic way with the existing Meritage Resort and the Meritage Commons (referred to as “Vista Colina”) projects located nearby on Bordeaux Way, within the same business park. All three properties are under common ownership. This common ownership and close proximity provides an opportunity for shared facilities and related efficiencies. Examples of this will include the joint use of “back of house” services such as laundry, and the guest

shuttle to downtown Napa that currently serves the Meritage Resort.

The Project also includes a 26,214-square-foot single story winery building, incorporating wine production, storage facilities, conference room, tasting area, sales office, administrative offices, a wine lab, restrooms, and an outdoor lawn/plaza. The winery is anticipated to be either a single-tenant or a custom crush operation. The winery building is deliberately positioned in close physical proximity to the hotel, with the proposed lawn/plaza linking the winery to the hotel building. It is anticipated that tasting and other winery related events will occur within this lawn/plaza area between the winery and the hotel buildings.

The third component of the Project is a two-story, 29,878-square-foot office building. The office building creates another opportunity for synergy between existing and proposed uses, as a portion of the proposed office building is expected to provide needed office space for Meritage and Trinitas administrative staffs.

ACCESS AND PARKING

No vehicular access is permitted directly from SR 221 into the Project. As a result, primary access to the Project will be from an existing driveway located at the southwest corner of the site at the intersection of Bordeaux Way and Napa Valley Corporate Way. This primary access currently serves the existing multi-tenant single story industrial buildings located just west of the Project site. Secondary access to the Project site is planned in the northwest corner at a new driveway that connects to Napa Valley Corporate Drive. This access point will be limited to right in and right out traffic.

Pedestrian and bicycle access is currently limited due to lack of sidewalks in and around the property, although the plan for the Napa Valley Commons Corporate Park includes expanding these facilities. Proposed conditions of approval require the installation of sidewalk on the frontage of local roads bordering the site.

A total of 441 surface parking spaces are proposed to serve the Project. The zoning code requires 444 spaces for the proposed mixture of uses, 3 spaces more than proposed. The Applicant proposes to address this small parking shortfall through the proposed PD Overlay District.

BACKGROUND

The Project is part of a series of hospitality entitlements within the Napa Valley Commons Corporate Park that were previously granted to the same property owner, the Pacific Hospitality Group. The entitlement process of these related developments began in 2000 when the City approved the Meritage Resort and Spa on an approximately 21-acre site on Bordeaux Way. Subsequent approvals by the City eventually expanded the Meritage Resort and Spa to a total of 322 rooms. In December 2015, the Planning Commission approved plans for Vista Colina adjacent to the Meritage Resort and Spa consisting of 145 hotel rooms, an exhibition hall, and related facilities. Vista Colina is currently under construction and is expected to open shortly.

ENVIRONMENTAL REVIEW

An Initial Study was prepared for the Project that determined an Environmental Impact Report (EIR) was needed for the Project. A Notice of Preparation (NOP) was published for public review on June 30, 2017. An EIR scoping hearing was held in July 2017. Work on the Draft EIR began in earnest once the 30-day Notice of Preparation comment period closed on July 31, 2017. The Draft EIR was subsequently completed and distributed by the City for a 45-day public review period beginning on January 14, 2018. The 45-day public review period ended on February 28, 2018. The Final EIR, containing responses received during the 45-day public review period, was completed on April 27, 2018. Copies of the Final EIR were distributed to the public in late April 2018, as was a copy of the Mitigation Monitoring and Reporting Plan (MMRP). The City Council previously received copies of the Draft and Final EIR, including the MMRP, as part of this public distribution process.

The City received several comments on the DEIR from groups/agencies, specifically the California Department of Fish and Wildlife, California Department of Transportation, Federated Indians of Graton Rancheria, and the law firm of Adams/Broadwell on behalf of a group named "Napa Residents for Responsible Development." The comments from Adams/Broadwell were the most voluminous, consisting of three separate sets of comments submitted at separate times, including within the 45-day review period and before the Planning Commission meetings on the project on May 17, 2018 and May 31, 2018. Copies of these comment letters are included in the Final EIR, as are detailed responses to these comments prepared by the City's environmental consultant. In addition, additional documents are attached (ATCH 7 & 8) that contain the comments from Adams/Broadwell received by the City just prior to the two Planning Commission hearings on the Project, along with the detailed responses prepared by City's environmental consultant.

In addition to the Final EIR, a finding of "Overriding Considerations" is required for the Project due to the fact that the Project's greenhouse gas emissions could not be sufficiently mitigated below required greenhouse gas thresholds. This issue of greenhouse gas emissions is addressed in detail in the EIR. The required findings for a determination of Overriding Considerations are contained in the Findings Document (EX C to ATCH 1).

PLANNING COMMISSION REVIEW

With the completion and distribution of the Final EIR, the Project was scheduled for the May 17, 2018 Planning Commission meeting. A wide range of issues were discussed at this meeting, and the hearing on the Project was ultimately continued to a special Planning Commission meeting held on May 31, 2018. At the May 31, 2018 meeting, the Commission voted 3-1 (one Commissioner recused) to recommend to the City Council approval of the Project as follows:

- The Commission recommended certification of the Project EIR, adoption of the Findings of Fact and Statement of Overriding Consideration and adoption of the MMRP.
- The Commission recommended denial of an ordinance approving a PD Overlay District for the Project, which was requested by the Applicant to allow for fewer parking spaces and increased building height. The primary reason the Commission gave for this recommendation was the Commission felt it could not make the findings in NMC Section 17.42.050 required for recommendation of approval of a PD Overlay District, particularly those related to the superiority of the development and design quality of the Project to similar projects designed to comply with the development standards of the underlying zoning district. As a consequence of

recommending denial of the PD Overlay Zoning, the Commission further directed that the Office and Winery buildings be reduced in height to meet the 30foot height limit in the IP-B Zoning District.

- The Commission recommended approval of the Use Permit and Design Review Permit for the Project subject to the condition that the total building square footage of the Project be reduced so that the floor area ratio (FAR) for the 11.55 acre Project site complies with the .4 FAR maximum in the General Plan. The Commission declined to adopt the interpretation of NMC Section 17.52.120.C requested by the Applicant to allow the FAR of the Project site, the Meritage Resort site, and the Vista Colina site to be averaged to satisfy the .4 FAR maximum in the General Plan.
- The Commission referred the Project to the Airport Land Use Commission.

In addition to the preceding formal recommendations, the Commission also recommended the Applicant continue to work collaboratively with affordable housing groups in Napa to assist in successfully moving a housing project forward. The Project's housing impacts are discussed in Appendix N of the Draft EIR in a report titled, "Review of Housing Impacts from the Trinitas Project in Napa" prepared by Economic & Planning Systems. In summary, the report identifies that the Project will generate approximately 238 worker-households (51 office, 14 wineries and 173 lodging), 87% of which will have household incomes at or below 120 percent of area median income. The actual number of employees varies widely depending on the particular characteristics of a use, however. Attachment N reflects adjustments to the employment generation to account for proposed Project-specific conditions, such as for the limited service, dual branded hotel which will not provide a restaurant and room service.

During the Planning Commission review process the City received correspondence concerning the Project in addition to comments received as part of the EIR review process. Those comments are included in Attachment 6, and include comments from the Kaiser Corporation, who owns land immediately to the north of the Project site.

AIRPORT LAND USE COMMISSION REVIEW

The Project site is located within the Airport Land Use Commission's (ALUC) Airport Land Use Compatibility Plan (ALUCP) Study Area and requires review by the Airport Land Use Commission (ALUC) pursuant to City Ordinance and the ALUCP because a small portion of the hotel building and parking lot are within Airport Land Use Compatibility Zones "C" and "D." The Planning Commission referred the Project to the ALUC on May 31, 2018. On June 6, 2018, the ALUC reviewed the project and voted 5-0, determining that the Project is consistent with ALUC regulations. Copies of the ALUC's findings are included in the resolutions for this Project.

PROJECT ISSUES

The attached Planning Commission staff reports dated May 17, 2018 (ATCH 4) and May 31, 2018 (ATCH 5) provide a detailed evaluation and analysis of the Project, addressing consistency with relevant General Plan policies, and conformance with applicable zoning requirements. Rather than duplicate this previously prepared material in this Agenda Report, the following analysis focuses on

specific issues that may warrant the attention of Council.

Issue #1: Compatibility of Hotel Use in Industrial Land Use Designation

A fundamental issue underlying this application is whether a hotel is an appropriate use to consider within an industrial land use designation, and in particular on one of the larger vacant industrial properties remaining in the City. The proposed hotel use and associated parking occupies approximately half of the 11.55 acre site. A zone change is not needed, as a hotel use is allowed in the “Industrial Park” designation with a use permit. A determination as to whether hotel uses were compatible with the industrial land use designation within the Napa Valley Commons Corporate Park was previously made with the approval of the Meritage Resort in 2000 by the City, and with subsequent approvals that followed to enlarge that project and construct Vista Colina in December 2016.

When comparing the types of hotel uses being considered, the Meritage Resort and the Vista Colina projects are more tourist oriented, while the Trinitas hotels (primarily the Residence Inn and to a lesser extent the AC Hotel) are oriented to the business traveler. The Planning Commission considered the hotel land use and recommended approval of the Use Permit recognizing the analysis contained in the Commission report describing the limited available land for uses otherwise well suited for industrial areas such as large offices associated with business parks, storage, and other uses.

Issue #2: FAR Averaging

FAR is a measure of the amount or intensity of development on a given site, and is calculated based on the total square footage of a project divided by the size of the site in question. The maximum FAR permitted by the General Plan in the IP-A and IP-B Zoning Districts is 0.40, which is typical for industrial and research and development uses where a typical structure may be a single- or two-story building with surface parking. The FAR for the Project as a whole is 0.42, slightly above the 0.40 maximum. To address this issue, the Applicant proposed relying on NMC Section 17.52.120.C to average the FAR of the Project site, the Meritage Resort site and the Vista Colina site to meet the 0.40 FAR maximum.

Early in the development review of the Project, this issue was discussed and staff explained to the Applicant the challenges with averaging the FAR of the other two properties with the Project site. However, the City had previously allowed for FAR averaging between the original Meritage Resort and Spa property and the Vista Colina property, and therefore considered a possible FAR averaging across the Project site and the other two properties owned by the Applicant. The afore-referenced Meritage Resort and Spa and Vista Colina properties are located directly across the street from one another, where the Project site is not adjacent to these other sites.

In cases where a project site encompasses several buildings on several lots, the Municipal Code allows the FAR to be calculated based on averaging the combined acreage and building square footage (Code 17.52.120.C) for the larger project. The Project and nearby Meritage Resort Project and the Vista Colina Project are all under common ownership. Therefore, if they were one “project site,” the FAR could be averaged across all three sites under NMC Section 17.52.120.C. The average FAR for the combined properties comes to 0.38, which falls within the 0.40 FAR permitted by the General Plan. This calculation can be seen in Table 4 below:

TABLE 4: FAR FOR “LARGER” PROJECT

Project	Acreage	Building Square Footage	Floor Area Ratio (FAR)
Meritage Resort	20.63 ac.	317,367 sf	.35 FAR
Meritage Commons (“Vista Colina”)	9.3 ac.	160,300 sf	.40 FAR
Trinitas Project	11.55 ac.	211,649 sf	.42 FAR
TOTAL	41.48 ac.	689,316 sf	.38 FAR

In order to ensure that the average FAR for the combined properties would not exceed the maximum FAR in the future, a deed restriction would be recorded on the Meritage Resort and Spa and the Vista Colina properties to limit further development of these properties in the future.

However, the Planning Commission did not support the proposed FAR averaging. The primary concern expressed by Commissioners was the precedent that would be set by allowing FAR averaging across non-contiguous sites. Moreover, it became challenging to record a deed restriction on these properties because, although they are under common ownership, they are held by separate legal entities and have separate financing. Disallowing FAR averaging across the three sites would require that the Project, currently proposed at 211,649 square feet, be reduced in size to 201,247 square feet, resulting in a reduction of 10,402 square feet of building area. This 10,402 reduction in square footage represents an approximately 5% reduction in the total size of the Project.

Issue #3: Housing Impacts

While the Applicant will be required to pay approximately \$1.2 million in housing impact fees in accordance with the City’s ordinance, the desire for the Project to more fully address the housing needs of its hotel employees was a topic of significant discussion at the Planning Commission meetings. At the May 31, 2018 Planning Commission meeting, the Applicant discussed the various contacts and meetings they had with affordable housing groups in Napa. The Commission urged the Applicant to continue to work closely with the affordable housing groups to address this issue. The Applicant will be prepared to discuss the status of their ongoing efforts to address this housing issue at the Council meeting, including complying with the City’s ordinance by paying a fee to mitigate the Project’s housing impacts, which could to be used along with other fees collected by the City to provide affordable housing.

Issue #4: Proposed Planned Development (PD) Overlay Zoning

Planned Development Overlay Zoning is proposed by the Applicant to provide flexibility in relation to two zoning provisions, specifically to allow a reduction in the total amount of parking required (441 parking spaces are proposed where 444 spaces are required), and to increase the maximum building height allowed in the Industrial Park (B) from 30 feet to 38 feet.

In order to adopt a Planned Development Overlay District, Napa Municipal Code Section 17.42.050 requires a total of seven findings. Two of those findings identified below are the pertinent to the Project. It is these two findings, which require a demonstration of superior development and project

quality, that the Planning Commission did not believe could be made for the Project:

- A. *The development is superior overall to a similar project designed to meet the standards of this title and of the underlying district in which it is located.*
- B. *Any variations from the standards of this title and the district in which the development is located are justified by the high quality design of the proposed development when taken together as a whole.*

While the Applicant's modifications sought to the applicable zoning standards are relatively minor, namely a very small reduction in the total amount of parking required (which could have easily been met with shared parking when considering the off-peak parking demands of an office and industrial use compared to a hotel use), and an eight-foot increase in maximum building height, the Commission recommended denial of the PD Overlay. The advisory recommendation was based on the Commission's inability to make the required findings that the Project is superior to other similar projects designed to meet development standards and achieved high quality design. Conditions have been added to the Use Permit/Design Review Resolution (ATCH 3) to require reductions in the building height of the Office and Winery buildings to reflect the Commission's advisory recommendation and to comply with the 30-foot height maximum and required parking (444 spaces).

Issue #5: View of Project from SR 221

The Project site is visually prominent, being located on SR 221 at the southern gateway to the City. Given the fact the Project site lies slightly below the grade of the highway, the large parking lot in front of the hotel building and winery will be highly visible to motorists traveling on SR 221, particularly south bound traffic. In order to address this issue, conditions have been added to the Use Permit/Design Review Resolution requiring the Applicant to landscape the majority of the area between the road surface of SR 221 and the Project site (ATCH 3).

In addition, there is a PG&E powerline that runs along the Project's SR 221 frontage. In accordance with the City's undergrounding policy, a condition has been included in the Use Permit/Design Review resolution (ATCH 3) requiring that this overhead line be undergrounded by the Applicant. This work will involve removing three wooden power poles and running the powerline under SR 221. PG&E has been contacted about this issue, and they support the undergrounding of the powerline. Because the powerline is located within the State right-of-way, the City will need to take an active role in coordinating the undergrounding work between Caltrans and the Applicant, with the full cost of the undergrounding to be borne by the Applicant.

Issue #6: Winery Regulations/Conditions

As part of their advisory recommendation of the Use Permit for the winery, the Planning Commission directed that staff work to simplify the conditions of approval that regulate the winery operation removing unnecessary duplication and inapplicable requirements. Several Commissioners felt the conditions were contradictory, and more consistency was needed in comparison with other winery projects approved in Napa. Staff has clarified the conditions as directed, specifically the conditions concerning the type and timing of activities that would be allowed at the winery and in the outdoor plaza area located between the winery and the hotel.

ALTERNATIVE TO THE PLANNING COMMISSION RECOMMENDATION

Notwithstanding the Planning Commission's recommendation, should the Council wish to approve the Project as proposed by the Applicant, it is within the Council's discretion to take actions to:

1. Adopt a resolution certifying the Final Environmental Impact Report (EIR) for the Trinitas Mixed Use Project, adopting Findings of Fact and a Statement of Overriding Considerations, and adopting a Mitigation Monitoring and Reporting Program (MMRP);
2. Approve the first reading and introduction of an ordinance approving a Planned Development (PD) Overlay District to establish development standards for the Trinitas Mixed Use Project at 2650 Napa Valley Corporate Drive (APNS 046-640-009, 019, 020) and determining that the actions authorized by this ordinance were adequately analyzed by a previous CEQA action;
3. Adopt a resolution approving Use Permits for the proposed hotel and winery uses and a Design Review Permit for the mixed use project at 2650 Napa Valley Corporate Drive (APNS 046-610-009, 019, 020) and determining that the actions authorized by this resolution were adequately analyzed by a previous CEQA action.

FINANCIAL IMPACTS:

There are no direct financial impacts to the General Fund have been identified with this application.

CEQA:

City staff recommends that the City Council determine and certify that the Trinitas Mixed Use Final Environmental Impact Report, including Draft EIR Volumes 1 through 3 dated January 2018 and Final EIR dated March 2018 (State Clearinghouse No. 2017072005), has been completed in accordance with CEQA; the City Council has reviewed and considered the information contained in the Final EIR prior to approving the project described in the Recommended Action; and the Final EIR reflects the City Council's independent judgement and analysis.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution Certifying Project EIR and Adopting Findings of Fact and Statement of Overriding Considerations
EX A - Draft EIR
EX B - Final EIR
EX C - CEQA Findings of Fact
EX D - MMRP
ATCH 2 - Ordinance regarding PD Overlay
ATCH 3 - Resolution regarding UP and DR Permit
ATCH 4 - Planning Commission Report 05-17-18
ATCH 5 - Planning Commission Report 05-31-18
ATCH 6 - Public Correspondence to EIR
ATCH 7 - Response to 05-17-18 Comment Letter
ATCH 8 - Response to 05-31-18 Comment Letter
ATCH 9 - Project Plans

ATCH 10 - Supplemental Visual Simulation and Landscape Plan

Previously distributed:

- Draft and Final Trinitas Mixed Use Project EIR

NOTIFICATION:

Notice of the scheduled public hearing was provided by US Postal Service not less than 10 days prior to the meeting date to all property owners within a 500-foot radius of the subject property and other parties who requested notification. Notice of the public hearing was also published in the Napa Valley Register.