

ORDINANCE NO. O2026-010

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NAPA, STATE OF CALIFORNIA, APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE A DEVELOPMENT AGREEMENT PURSUANT TO GOVERNMENT CODE SECTION 65864 ET SEQ. BY AND BETWEEN THE CITY OF NAPA AND 1351 SECOND STREET, LLC, KELLER YOUNTVILLE VINEYARD LLC, YOUNG BUILDING LLC, AND JAMES KELLER, AUTHORIZING THE CITY CLERK TO RECORD THE AGREEMENT, AND DETERMINING THAT THE ACTIONS AUTHORIZED BY THIS ORDINANCE WERE ADEQUATELY ANALYZED BY A PREVIOUS CEQA ACTION.

WHEREAS, on November 13, 2018, the City Council of the City of Napa adopted a resolution updating procedures for the consideration and approval of development agreements pursuant to California Government Code Sections 65864 et seq., and

WHEREAS, James Keller (the “Applicant”) submitted an application for multiple entitlements (PL25-0068), including a Development Agreement, a Zoning Amendment amending the Planned Development Overlay (PD-37) District, a Tentative Parcel Map, a Certificate of Appropriateness, and a Design Review Permit, and related approvals, to provide for the redevelopment of an approximately 1.44-acre property, including two new buildings and the preservation of the Franklin Station Post Office building at 1251/1351 Second Street, 820 Randolph Street, and 801/809 Coombs Street Unit A, B, C, & D (APNs: 003-212-001, 003-208-001, 003-300-015, -016, -017, -018, -019, -020, -021, -022, -023, & -024) (the “Project Site”); and

WHEREAS, the proposed Development Agreement would be a contract by and between the City of Napa and 1351 Second Street, LLC, Kelley Yountville Vineyard LLC, Young Building LLC and James Keller to govern the Applicant’s development of the Project on the Project Site until October 1, 2030. A copy of the Development Agreement is attached hereto as Exhibit “A” and incorporated herein by reference; and

WHEREAS, the Project maintains the rehabilitation and adaptive reuse of the historic Franklin Station Post Office building as a five-story upper-upscale hotel with 94 hotel rooms and other amenities, including a rooftop café and bar, restaurant, and event and meeting spaces (APN: 003-208-001) (collectively, the “Post Office Redevelopment”) and includes the redevelopment of the parking lot parcel with a five-story building with 25 For-Sale Hotel Units including a rooftop unit (such units commonly referred to as “branded residential” and that may be occupied by owner), shared amenities, and ground-floor retail; and integrates 3

existing condominium units as For-Sale Hotel Units in the adjacent Young Building for a total of 28 For-Sale Hotel Units with on-site parking facilities and retail on the level (APNs: 003-212-001, 003-300-015, -016, -017, -018, -019, -020, -021, -022, -023, & -024 (collectively, the “Mixed Use Development”).

WHEREAS, PD-37 permits up to 120 hotel rooms; up to 40 For-Sale Hotel Units; hotel rooms may be included within the Mixed Use building as lock offs and a maximum of 12 For-Sale Hotel Units may be constructed within the Post Office building as long as the total rooms and units for the project do not exceed 120 hotel rooms and 40 For-Sale Hotel Units; and

WHEREAS, pursuant to Government Code 65867, the Planning Commission of the City of Napa, State of California, held a duly noticed public hearing on the Project on June 30, 2026, and has found the Development Agreement consistent with the general plan and the Downtown Specific Plan and recommended approval of the subject application; and

WHEREAS, on July 21, 2026, the City Council of the City of Napa held a duly-noticed public hearing on the Project and considered all information related to the Project as presented at the public meetings of the City Council identified herein, including any supporting reports by City Staff, and any information provided during public meetings; and

WHEREAS, on July 21, 2026, the City Council approved Resolution R2026-091 finding, that, based on the whole record before it, including the Section 15168 Analysis and Addendum and Project MMRP, the administrative record, and all other written and oral evidence, all environmental impacts of the Project are either less than significant or can be mitigated to a level of less than significant under the mitigation measures outlined in the Section 15168 Analysis and Addendum and Project MMRP. Alternatively, the Council found that the Project is exempt from CEQA under CEQA Guidelines section 15332 and none of the exceptions in CEQA Guidelines section 15300.2 have application. The Council adopted the Section 15168 Analysis and Addendum and adopted the MMRP previously adopted for the DNSP EIR as it pertains to the Project; and

WHEREAS, the City Council finds that execution of the Development Agreement is predicated upon, and integrally connected to, the historic preservation of the former Post Office building located on the Site.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Napa, State of California, as follows:

Section 1. The City Council hereby finds that the recitals to this Ordinance, set forth above, are true and correct and provide basis for the City Council’s adoption of this Ordinance.

Section 2. The City Council hereby determines, based on, and consistent

with, its actions in Resolution R2026-091, that the potential environmental effects of the actions authorized by this Ordinance were adequately identified, analyzed, and addressed in the DNSP EIR and that no further environmental review is required for the Project as documented in the Section 15168 Analysis and Addendum, as provided in **Attachment 11**, and Project MMRP, and alternatively, that the Project is exempt from CEQA under CEQA Guidelines section 15332 and none of the exceptions in CEQA Guidelines section 15300.2 have application. The City Council further directs staff to prepare, execute, and file a Notice of Determination, and, as to the CEQA Guidelines section 15332 categorical exemption, a Notice of Exemption with the County Clerk's office and the Office of Planning and Research within five (5) working days of approval of this Ordinance.

Section 3. The City Council hereby finds that the provisions of the Development Agreement are consistent with the General Plan and Downtown Napa Specific Plan of the City of Napa in that:

The Development Agreement will promote orderly growth and quality development in accordance with the goals and policies set forth in the General Plan; is compatible with the uses authorized in, and the regulations prescribed for, the district in which the Property is located; will promote the public convenience, general welfare, and good land use practice; will not be detrimental to the health, safety and general welfare; will not adversely affect the orderly development of the property or the preservation of property value; and, will promote and encourage the development of the Project by providing a greater degree of requisite certainty. The Agreement directly advances multiple General Plan goals and policies, including Goal LUCD-20 (promoting a vibrant and active Downtown), Policy LUCD 11-2 (requiring cohesive, pedestrian-oriented building and street interfaces), Goal LUCD-4 (supporting flexible development standards in high-intensity areas), and Goal ED-8 (supporting Downtown as a hospitality-anchored cultural and economic destination). Additionally, the Project would meet many of the goals of the Downtown Napa Specific Plan by redeveloping the area with a high-quality hotel and for-sale hotel units providing economic benefit in the downtown area, which several goals and policies of the General Plan and Specific Plan call for. The Agreement also facilitates the rehabilitation and adaptive reuse of the historic Franklin Station Post Office, consistent with DNSP objectives and General Plan policies HCR-1 and HCR 1-7 related to preservation, reinvestment, and restoration of Downtown's historic resources. In particular, the goals and policies identified in the corresponding staff report highlight this consistency.

Section 4. The City Council hereby approves and authorizes the City Manager to execute the Development Agreement upon the adoption of this Ordinance.

Section 5: The City Clerk is hereby directed to record, with the Napa County Recorder, the Development Agreement within ten (10) days after the execution of the Development Agreement by the City Manager.

Section 6: Severability. If any section, sub-section, subdivision, paragraph, clause or phrase in this Ordinance, or any part thereof, is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, sub-section, subdivision, paragraph, sentence, clause or phrase of this Ordinance, irrespective of the fact that any one or more sections, sub-sections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

Section 7. Effective Date. This Ordinance shall become effective thirty (30) days following adoption; provided however, that this Ordinance shall not become operative unless and until Ordinance O2026-009, related to PD-37, becomes effective. If Ordinance O2026-009 is not adopted, is held invalid or unconstitutional by a final decision of a court of competent jurisdiction, or otherwise fails to become effective for any reason, then this Ordinance shall be null and void and shall have no further force or effect.

Section 8: Indemnification. To the fullest extent permitted by law, Applicant shall indemnify, defend with counsel of the City's choosing, and hold harmless City, its City Council, its boards and commissions, officials, officers, employees, and agents from and against any and all claims, demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including without limitation, attorney's fees, disbursements and court costs) of every kind and nature whatsoever which may arise from or in any manner relate (directly or indirectly) to (i) City's approval of the Franklin Station II Project, including but not limited to, the approval of the zoning actions, discretionary permits, maps under the Subdivision Map Act, and/or the City's related determinations or actions under the California Environmental Quality Act, or any alleged failure to act as required by law, and (ii) Applicant's construction, operation, use, or related activity under the Project. This indemnification shall include, but not be limited to, damages awarded against the City, if any, costs of suit, attorneys' fees, and other expenses incurred in connection with such claim, action, causes of action, suit or proceeding whether incurred by Applicant, City, and/or the parties initiating or bringing such proceeding. Applicant shall indemnify the City for all of City's costs, attorneys' fees, and damages which City incurs in enforcing the indemnification provisions set forth in this condition. Applicant shall pay to the City upon demand or, as applicable, to counsel of City's choosing, any amount owed pursuant to the indemnification requirements prescribed in this condition.

City of Napa, a municipal corporation

MAYOR: _____

ATTEST: _____
CITY CLERK OF THE CITY OF NAPA

STATE OF CALIFORNIA }
COUNTY OF NAPA } SS:
CITY OF NAPA }

I, Tiffany Carranza, City Clerk of the City of Napa, do hereby certify that the foregoing Ordinance had its first reading and was introduced during the regular meeting of the City Council on the 21st day of July 2026, and had its second reading and was adopted and passed during the regular meeting of the City Council on the 4th day of August, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: _____
Tiffany Carranza
City Clerk

Approved as to Form:

Christopher Diaz
Interim City Attorney

**EXHIBIT A
Development Agreement**

[Will be inserted]