

EXHIBIT B

REVISED CONDITIONS OF APPROVAL

**Relic Wine Cellars Use Permit Appeal
#P10-00162-UP
2400 Soda Canyon Rd., Napa
Assessor's Parcel #'s: 032-090-024**

Approval of an Exception to the Napa County Road and Street Standards to allow the following: two portions of a winery primary access road extending 100 feet and 300 feet respectively with an overall road width of 14 feet. The proposed location of the Exception to the Napa County Road and Street Standards is the existing private road serving the proposed project site from Soda Canyon Road (Assessor Parcel #'s: 032-090-024)

Approval of a Use Permit request #P10-00162-UP to allow the following:

1. **SCOPE:** The use permit shall be limited to establishment of a new 20,000 gallon per year winery in two phases (Phase I, II) totaling 11,099 square feet as proposed below:

Phase I:

- Construction of an 8,641 square foot, two-story production/hospitality building;
- Four full-time employees;
- Six parking spaces (incl. one ADA);
- Tours and tasting by prior appointment only with 20 visitors maximum per day (60 to 120 visitors maximum per week as provided below);
- A marketing plan with: four – 12 person private food and wine tasting events per year; ~~twelve six - 3025~~ person private food and wine tasting events per year; one - 50 person private wine release event per year; and, participation in the Napa Valley Wine Auction Event (any tours & -tasting or marketing event serving food will be catered by licensed operators approved by Napa County Environmental Management);
- Installation of five, 10,000 gallon water tanks for fire protection;
- Installation of a winery wastewater system comprised of: either a combined sanitary and process wastewater subsurface drip disposal system, or a sanitary wastewater disposal system with process wastewater hold and haul;
- Civil improvements to widen portions of the existing private driveway to the winery site; and,
- Approval of the above named Exception to the Napa County Road and Street Standards for the winery driveway to allow a reduction in the required road width to portions of the winery access road (20 ft. minimum overall road width required per Standards).

Phase II

- Construction of a 2,458 square foot cave system for barrel storage for a winery totaling 11,099 square feet at final build-out.

The winery shall be designed in substantial conformance with the submitted site plan, elevation drawings, and other submittal materials and shall comply with all requirements of the Napa County Code. It is the responsibility of the applicant to communicate the requirements of these conditions and mitigations (if any) to all designers, contractors, employees, and guests of the winery to ensure compliance is achieved. Any expansion or changes in use shall be in accordance with Section 18.124.130 of the Napa County Code and may be subject to the Use Permit modification process.

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2. ***MARKETING:** Marketing events shall be limited as follows:

a. Frequency: 4 times per year (and shall not be held at the same time of day as any other marketing event or tours and tasting appointment.)

Number of persons: 12 maximum

Time of Day: 12 Noon to 10:00 PM

Days per Week: Six

~~b.~~ Frequency: ~~642~~ times per year (and shall not be held at the same time of day as any other marketing event or tours & tasting appointment.)

Number of persons: ~~3025~~ maximum

Time of Day: 12 Noon to 10:00 PM

Days per Week: Six

~~c.~~ Frequency: 1 time per year (and shall not be held at the same time of day as any other marketing event or tours & tasting appointment.)

Number of persons: 50 maximum

Time of Day: 12 Noon to 10:00 PM

Days per Week: Six

~~d.~~ Participation in the annual Napa Valley Wine Auction is permitted as a Category 5 Temporary Event.

~~e.~~ Any single Marketing Event may include food that shall be catered and prepared in an off-site commercial kitchen in accordance with and as approved by Napa County Department of Environmental Management.

~~f.~~ A shuttle service shall be provided for a Marketing Event totaling 50 persons.

*Marketing of wine" means any activity of a winery which is conducted at the winery on a prearranged basis for the education and development of customers and potential customers with respect to wine which can be sold at the winery on a retail basis pursuant to Chapters 18.16 and 18.20 of the Napa County Code. Marketing of wine may include cultural and social events directly related to the education and development of customers and potential customers provided such events are clearly incidental, related and subordinate to the primary use of the winery. Marketing of wine may include food service, including food and wine pairings, where all such food service is provided without charge except to the extent of cost recovery.

Business events are similar to cultural and social events, in that they will only be considered as "marketing of wine" if they are directly related to the education and development of customers and potential customers of the winery and are part of a marketing plan approved as part of the winery's use permit. Marketing plans in their totality must remain "clearly incidental, related and subordinate to the primary operation of the

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winery as a production facility" (subsection (G)(5) of Sections 18.16.030 and subsection (I)(5) of 18.20.030 of the Napa County Code). To be considered directly related to the education and development of customers or potential customers of the winery, business events must be conducted at no charge except to the extent of recovery of variable costs, and any business content unrelated to wine must be limited. Careful consideration shall be given to the intent of the event, the proportion of the business event's non-wine-related content, and the intensity of the overall marketing plan. (Ord. 1340, 2010: Ord. 1104 § 11, 1996: Ord. 947 § 9 (part), 1990: prior code § 12071).

All activity, including cleanup, shall cease by 10:00 PM. Start and finish time of all activities shall be scheduled to minimize all vehicles arriving or leaving between 4:00 PM and 6:00 PM.

Parking during marketing events shall be subject to any and all requirements enumerated elsewhere in these conditions of approval.

3. *TOURS AND TASTING:

a. Tours and tastings shall be limited to a maximum of 20 visitors per day and ~~a~~ maximum of ~~420~~ number of visitors per six day week as follows:

- i. November 16 through February – 60 visitors per six day week;
- ii. March through August – 80 visitors per six day week;
- iii. September through October – 120 visitors per six day week;
- iv. November 1 through November 15 – 80 visitors per six day week.;

b. Tours and tastings may include with food service provided in accordance with Ordinance No. 1340 (BOS approved May 11, 2010) and that shall be catered and prepared in an off-site commercial kitchen in accordance with and as approved by the Department of Environmental Management;

b.c. Any By Appointment Tours and Tasting shall not be conducted at the same time of day as any other Marketing or Temporary Event.

*Tours and tastings" means tours of the winery and/or tastings of wine, where such tours and tastings are limited to persons who have made unsolicited prior appointments for tours or tastings. Tours and tastings may include food and wine pairings, where all such food service is provided without charge except to the extent of cost recovery and is incidental to the tasting of wine. Food service may not involve menu options and meal service such that the winery functions as a café or restaurant. (Ord. 1340, 2010: Ord. 947 § 9 (part), 1990: prior code § 12070).

Start and finish time of tours and tastings shall be scheduled to minimize vehicles arriving or leaving between 4:00 PM and 6:00 PM, and shall be limited to those wines set forth in Napa County Code Sec. 18.16.030(G)(5)(c).

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A log book (or similar record) shall be maintained which documents the number of visitors to the winery, and the dates of their visit. This record of visitors shall be made available to the Department upon request.

4. GRAPE SOURCE:

At least 75% of the grapes used to make the winery's wine shall be grown within the County of Napa. The permittee shall keep records of annual production documenting the source of grapes to verify that 75% of the production is from Napa County grapes. The report shall recognize the Agriculture Commission's format for County of origin of grapes and juice used in the Winery Production Process. The report shall be provided to the Conservation, Development and Planning Department upon request, but shall be considered proprietary information not available to the public.

5. SIGNS:

*The property owner shall provide "Yield" signs that shall be posted so that traffic leaving the winery shall be notified of the reduced road width and shall be instructed to yield until oncoming traffic has cleared the reduced width portion of the roadway. Said sign shall be designed and installed in accordance with the Napa County Sign Ordinance and the Napa County Public Works Department. Prior to installation of any winery identification or directional signs, detailed site plans and sign design plans, including locations, elevations, materials, color, and lighting, shall be submitted to the Planning Department and the Department of Public Works for administrative review and approval. Administrative review and approval is not required if signage to be installed is consistent with signage plans submitted, reviewed and approved as part of this use permit approval. All signs shall meet the design standards as set forth in Chapter 18.116 of the County Code. At least one sign shall be installed and placed and sized in a manner to inform the public and shall legibly and visibly include wording stating "Tours and Tasting by Prior Appointment Only". All winery related signs, including winery identification signs, shall be located on applicants' property (APN # 032-090-024) and shall not be located in the easement area over the neighboring property.

6. GATES/ENTRY STRUCTURES:

Any gate installed at the winery entrance shall be reviewed by the Conservation, Development and Planning Department, Public Works Department and the Napa County Fire Department to assure that it is designed to allow large vehicles, such as motorhomes, to turn around if the gate is closed without backing into the public roadway, and that fire suppression access is available at all times. If the gate is part of an entry structure an additional permit shall be required according to the County Code, a separate entry structure permit is not required if the entry structure is consistent with entry structure plans submitted, reviewed and approved as part of this use permit approval. Any gate or entry structure for the winery shall be constructed entirely on applicants' property (APN # 032-090-024) and shall not be located in the easement area over the neighboring property.

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7. LIGHTING:

All exterior lighting, including landscape lighting, shall be shielded and directed downward, shall be located as low to the ground as possible, and shall be the minimum necessary for security, safety, or operations and shall incorporate the use of motion detection sensors to the greatest extent practical. No flood-lighting or sodium lighting of the building is permitted, including architectural highlighting and spotting. Low-level lighting shall be utilized in parking areas as opposed to elevated high-intensity light standards. Prior to issuance of any building permit for construction of the winery, two (2) copies of a detailed lighting plan showing the location and specifications for all lighting fixtures to be installed on the property shall be submitted for Department review and approval. All lighting shall comply with Uniform Building Code (UBC).

8. LANDSCAPING / PARKING:

Two (2) copies of a detailed landscaping plan, including parking details, shall be submitted for review and approval prior to issuance of building permits. The plan shall comply with the current, adopted Napa County Water Efficient Landscape Ordinance. The plan shall indicate the names and locations of all plant materials to be used along with the method of maintenance. **Plant materials shall be purchased locally when practical. The Agricultural Commissioner's office (707-253-4357) shall be notified of all impending deliveries of live plants with points of origin outside of Napa County.**

Trees shall be removed (and replaced 2:1 elsewhere) and fence adjacent to Soda Canyon shall be moved easterly in accordance with the Site Distance Analysis report submitted by Applied Civil Engineering, Inc. dated 03/31/2010.

The location of employee and visitor parking and truck loading zone areas shall be identified along with proposed circulation and traffic control signage (if any). Landscaping and parking shall be completed prior to occupancy, and shall be permanently maintained in accordance with the landscaping plan.

All existing trees within the area planned for development shall be indicated on the landscaping plan according to species and size. Trees planned for removal shall be indicated on the detailed landscaping plan. No trees greater than 6" DBH shall be removed, except for those identified on the submitted site plan. Any trees that are removed shall be replaced elsewhere on the property on a 2 for 1 basis of equivalent caliper. Replaced trees shall be identified on the landscaping plan. Trees to be retained shall be protected during construction.

Evergreen screening shall be permanently installed between the industrial portions of the operation (e.g. tanks, crushing area, parking area, etc.) and off-site residences that can view these areas, specifically including evergreen screening to the northeast of the winery's mechanical area between the mechanical area and the proposed access drive.

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This permanent screening requirement shall also include any cave portal, cave portal retaining wall and entrance pad that are visible from a public or private road.

Parking shall be limited to approved parking spaces only and shall not occur along access roads or in other locations except during harvest or approved marketing events. In no case shall parking impede emergency vehicle access or public roads. If any event is held which will exceed the available on-site parking, the applicant shall arrange for off-site parking and shuttle service to the winery. [See also Marketing 2. (e.)]

9. OUTDOOR STORAGE/SCREENING/UTILITIES:

All outdoor storage of winery equipment shall be screened from the view of adjacent properties by a visual barrier consisting of fencing or dense landscaping. No item in storage is to exceed the height of the screening. Water and fuel tanks, and similar structures, shall be screened to the extent practical so as to not be visible from public roads and adjacent parcels. This permanent screening requirement shall also include any retaining wall, cave portal, cave portal retaining wall and entrance pad that are visible from a public or private road.

New utility lines required for this project that are visible from any designated scenic transportation route (see Chapter 18.106 of the Napa County Zoning Ordinance for designated roads) shall be placed underground or in an equivalent manner be made virtually invisible from the subject roadway.

10. RENTAL/LEASING:

No winery facilities, nor portions thereof, including but not limited to offices, kitchens, barrel storage areas, and warehousing space, shall be rented, leased, nor used by entities other than persons producing and/or storing wine at the on-site winery, except as may be specifically authorized in this use permit or pursuant to the Temporary Events Ordinance (Chapter 5.36).

11. COMPLIANCE WITH OTHER DEPARTMENTS AND AGENCIES:

The permittee shall comply with all applicable building codes, zoning standards, and requirements of County Departments and Agencies, including but not limited to:

The Department of Environmental Management as stated in their revised letter dated July 22, 2010.

The Department of Public Works Department as stated in their letter of August 9, 2010 and letter for Groundwater dated August 9, 2010.

Napa County Fire Department as stated in their letters of June 15, 2010.

Building Division as stated in their letter of July 26, 2010.

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The determination as to whether or not the permittee has substantially complied with the requirements of other County Departments and Agencies shall be determined by those Departments or Agencies. The inability to substantially comply with the requirements of other County Departments and Agencies may result in the need to modify the approved use permit.

12. GRADING AND SPOILS:

All grading and spoils generated by construction of the project facilities, including cave spoils, shall be disposed of per Public Works direction. All spoils piles shall be removed prior to occupancy.

No approval for any cave construction shall be granted until compliance with applicable setbacks to surrounding septic systems have been demonstrated to the Department of Environmental Management's satisfaction.

13. WELLS / WATER SYSTEMS:

The permittee may be required (at the permittee's expense) to provide well monitoring data if it the Director of Environmental Management determines that water usage at the winery is affecting, or would potentially affect groundwater supplies or nearby wells. Data requested could include, but may not be limited to, water extraction volumes and static well levels. If applicant is unable to secure monitoring access to neighboring wells, onsite monitoring wells may need to be established to gage potential impacts on the groundwater resource utilized for the project proposed.

Water usage shall be minimized by use of best available control technology and best water management conservation practices. In the event that changed circumstances or significant new information provide substantial evidence that the groundwater system referenced in the use permit would significantly affect the groundwater basin, the director of environmental management shall be authorized to recommend additional reasonable conditions on the permittee, or revocation of this permit, as necessary to meet the requirements of the Napa County Groundwater Ordinance and protect public health, safety, and welfare. That recommendation shall not become final unless and until the director has provided notice and the opportunity for hearing in compliance with the County Code section 13.15.070.G-K.

14. NOISE:

Construction noise shall be minimized to the maximum extent practical and allowable under State and local safety laws. Construction equipment muffling and hours of operation shall be in compliance with County Code Chapter 8.16. Equipment shall be shut down when not in use. Construction equipment shall normally be staged, loaded, and unloaded on the project site. If project terrain or access road condition require construction equipment to be staged, loaded, or unloaded off the project site (such as on a neighboring road or at the base of a hill), such activities shall only occur between the hours of 8 AM to 5 PM.

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Exterior winery equipment shall be enclosed or muffled and maintained so as not to create a noise disturbance in accordance with the Code. There shall be no amplified sound system or amplified music utilized outside of approved, enclosed winery buildings.

Applicants shall construct a canopy over the mechanical area to the northwest of the winery's crush pad.

15. COLORS:

The colors used for the roof, exterior walls and built landscaping features of the winery shall be limited to earth tones that will blend the facility into the colors of the surrounding site specific vegetation and the applicant shall obtain written approval by the Conservation, Development and Planning Department prior to painting the building. Highly reflective surfaces shall be prohibited.

16. DUST CONTROL:

Water and/or dust palliatives shall be applied in sufficient quantities during grading and other ground disturbing activities on-site to minimize the amount of dust produced. Outdoor construction activities shall not occur during windy periods.

17. ARCHEOLOGICAL FINDING:

In the event that archeological artifacts or human remains are discovered during construction, work shall cease in a 50-foot radius surrounding the area of discovery. The permittee shall contact the Conservation, Development and Planning Department for further guidance, which will likely include the requirement for the permittee to hire a qualified professional to analyze the artifacts encountered and to determine if additional measures are required. If human remains are encountered during the development, all work in the vicinity must be, by law, halted, and the Napa County Coroner informed, so that he can determine if an investigation of the cause of death is required, and if the remains are of Native American origin. If the remains are of Native American origin, the nearest tribal relatives as determined by the State Native American Heritage Commission would be contacted to obtain recommendations for treating or removal of such remains, including grave goods, with appropriate dignity, as required under Public Resources Code Section 5097.98.

Rock Walls: Prior to issuance of any grading permit, a copy of the proposed grading plans shall be submitted to the Napa County Planning Department for review and approval. The plan shall show the location of any rock wall within the project site. Any rock wall located within the disturbed area proposed for grading and construction shall be evaluated by a qualified historic architect to determine its age of construction prior to the year 1920. Accordingly, any rock wall determined to be of such vintage shall be retained to the extent feasible and modified only to permit required repairs to the rock wall and allow for openings necessary to provide for access. Any such vintage rock

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wall shall be protected with construction fencing throughout construction. Disturbance of the rock wall shall be avoided during any future grading or construction.

18. TRAFFIC

Reoccurring and scheduled vehicle trips to and from the site for employees, deliveries, and visitors will not occur during peak (4-6 PM) travel times to the maximum extent possible. In accordance with the Road Exception conditions, vehicle trips for visitors and deliveries shall be scheduled to arrive and depart at different times during the day. All road improvements on private property required per the Department of Public Works shall be maintained in good working condition.

19. ADDRESSING

All project site addresses shall be determined by the Conservation, Development and Planning Director, and reviewed and approved by the U.S. Post Office, prior to issuance of any building permit. The Conservation, Development and Planning Director reserves the right to issue or re-issue an appropriate situs address at the time of issuance of any building permit to ensure proper identification and sequencing of numbers. For multi-tenant or multiple structure projects, this includes building permits for later building modifications or tenant improvements.

20. STORM WATER CONTROL

For any construction activity that results in disturbance of greater than one acre of total land area, permittee shall file a Notice of Intent with the California Regional Water Quality Control Board (SRWQCB) prior to any grading or construction activity. All hazardous materials stored and used on-site that could cause water pollution (e.g. motor oil, cleaning chemicals, paints, etc.) shall be stored and used in a manner that will not cause pollution, with secondary containment provided. Such storage areas shall be regularly cleaned to remove litter and debris. Any spills shall be promptly cleaned up and appropriate authorities notified. Parking lots shall be designed to drain through grassy swales, buffer strips, or sand filters prior to any discharge from the impervious surface into a watercourse. If any discharge of concentrated surface waters is proposed in the any "Waters of the State," the permittee shall consult with and secure any necessary permits from the State Regional Water Quality Control Board. All trash enclosures must be covered and protected from rain, roof, and surface drainage.

21. INDEMNIFICATION

An indemnification agreement, in the form attached hereto, shall be signed and returned to the County within twenty (20) days of the granting of this approval.

22. AFFORDABLE HOUSING MITIGATION:

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Prior to County issuance of a building permit, the applicant shall pay the Napa County Affordable Housing Mitigation Fee in accordance with the requirements of County Code Chapter 15.60 or as may be amended by the Board of Supervisors.

23. MONITORING COSTS:

All staff costs associated with monitoring compliance with these conditions, previous permit conditions and project revisions shall be borne by the permittee and/or property owner. Costs associated with conditions and mitigation measures that require monitoring, including investigation of complaints, other than those costs related to investigation of complaints of non-compliance that are determined to be unfounded, shall be charged. Costs shall be as established by Board Resolution in accordance with the hourly consulting rate established at the time of the monitoring. Violations of conditions of approval or mitigations measures caused by the permittee's contractors, employees, and guests are the responsibility of the permittee.

The Planning Commission may implement an audit program if compliance deficiencies are noted. If evidence of compliance deficiencies is found to exist by the Planning Commission at some time in the future, the Planning Commission may institute the program at the applicant's expense (including requiring a deposit of funds in an amount determined by the Commission) as needed until compliance assurance is achieved. The Planning Commission may also use the data, if it is so warranted, to commence revocation hearings in accordance with section 18.124.120 of the County Code.

24. TEMPORARY AND FINAL OCCUPANCY:

All project improvements, including compliance with all applicable codes, conditions and requirements from all departments and agencies with jurisdiction over the project, shall be completed prior to granting of a Certificate of Final Occupancy by the County Building Official, which, upon granting, authorizes all use permit activities to commence. The County Building Official is authorized to grant a Temporary Certificate of Occupancy to allow specified limited use of the project, such as commencement of production activities, prior to completion of all project improvements. Marketing, Tours and Tastings are not typically authorized until grant of Final Occupancy, but exceptions can be requested due to extenuating circumstances and are subject to review and approval by the County Building Official and the Director of Conservation, Development and Planning. In special circumstances, departments and/or agencies with jurisdiction over the project are authorized as part of the Temporary Certificate of Occupancy process to require a security deposit or other financial instrument to guarantee completion of unfinished improvements.

25. EMERGENCY CONTACT:

Winery operator shall provide neighbors David Hallett and Daniel McFadden with a contact number in case of fire or related issues.

26. FUTURE PERMIT SUBMITTALS:

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Applicant shall provide copies of the following permit applications to Daniel McFadden at the time such applications are submitted to governmental agencies for review and approval:

- a. Storm Water Pollution Prevention Plan (SWPPP) required at the time of Phase I building permit submittal pursuant to Department of Public Works Memorandum dated August 9, 2010; and
- b. Septic system permit, approval of which is required prior to Phase I building permit issuance pursuant to Department of Environmental Management memorandum dated July 22, 2010.