



STAFF REPORT

By: Chris Cahill
Date: September 13, 2021
Item: **4.c**
Subject: Presentation by David Wickline of Aetna Springs Resorts LLC on his request to partner with the District on a luxury campground resort on Turkey Hill in Pope Valley with up to 80 tent-cabin units and housing for up to 120 employees, discussion, and Board direction to staff.

RECOMMENDATION

Consider the information presented by Mr. Wickline, staff's verbal response, and any public comment, and provide policy direction to staff.

ENVIRONMENTAL DETERMINATION

Not a project. The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND

David Wickline represents Aetna Springs Resorts LLC, which owns properties in Pope Valley including the former Aetna Springs Resort, the project formerly known as Lake Luciana, and parcels on what is known as Turkey Hill. Mr. Wickline would like to partner with the District to develop a luxury camping operation with up to 80 tent units and housing for up to 120 employees on the Turkey Hill property. County zoning does not allow campgrounds of the type envisioned by Mr. Wickline to be developed by private interests on private property in agriculturally zoned areas like Pope Valley. He therefore requires a government partner and public land on which to create his resort. Mr. Wickline has been discussing the contours of this proposed project with former General Manager John Woodbury over several years, but in the opinion of District Counsel the project has not yet reached a level of ripeness which would warrant a closed session to discuss "price and terms of payment" under the Brown Act. The Board has a series of policy considerations it should work through first.

Mr. Wickline has submitted what amounts to a prospectus for the proposed Turkey Hill glamping operation, which is attached for Board review. He would also like the opportunity to describe his proposed development to the Board at this meeting. Following his presentation, former General Manager John Woodbury (who continues to work for the District in an extra help capacity) will outline his understanding of the history of the discussions with Mr. Wickline as well as the merits of and issues with the project concept.

Following those presentations and any public comment that may be forthcoming, Board and staff should discuss the broad policy implications of a development partnership of the type envisioned here. The Board should then provide staff with general direction on how and whether or not to proceed with further

analysis, bearing in mind that at the District's current staffing level any work on this project will of necessity take time and resources away from other District initiatives.

Pope Valley Campground - High Level Summary of Proposal

BENEFITS OFFERED BY AETNA SPRINGS

Proposal: Aetna Springs donates to OSD ~100 acres at Turkey Hill with ground lease back for Aetna Springs to invest ~\$30m in a campground with upscale lodging tents (40 tents that may expand up to 80 tents) operated by a leading luxury operating company, Six Senses. Site has residential zoning with existing residence and has been grazed for decades. Environmental and cultural surveys done during past 15 years show no sensitive findings.

1. **Payments to OSD during Project Application Phase:**
 - a. Pay OSD staff time for leading the process during the campground permitting process.
 - b. Pre-pay ground lease payments to assist OSD and County with current budget shortfall. If the campground development does not proceed, pre-payment amount may be applied to the TOT owed by Aetna Springs Resort.
2. **Conservation Benefits: 830+ acres of land under conservation easement with recreational access to adjacent landlocked open space.**
 - a. 100+ acres at Aetna Springs South, adjacent to the 450-acre Cleary Reserve, expanding the local conservation footprint and providing access to the previously landlocked Reserve.
 - b. Create riparian protection corridor with 150' no-build riparian buffer along Swartz Creek.
 - c. 730+ acres at Weeks Lake, adjacent to OSD's Spanish Valley, which is also otherwise landlocked and will be provided access.
3. **Campsite Land Transfer: ~100 acres in fee title to OSD, subject to 99-year ground leaseback.**
4. **Significant Revenue Benefits to OSD & Napa County from tourist campground in Pope Valley:**
 - a. Income to OSD: Projected at over \$4M during first 10 years and \$250K in first year from these sources:
 - i. Rent: Ground lease to OSD of 1% of campground lodging revenues. Guaranteed minimum annual rents \$100K by 3rd year and 2% annual increases thereafter. Guaranteed rent of \$1M during first 10 years. Projected rent over \$1.2M during first 10 years.
 - ii. Sustainable Fund: 0.5% of campground lodging revenue will be dedicated to OSD sustainable public use fund, projected at \$600K during first ten years.
 - iii. OSD Share of TOT: OSD's share of projected County TOT & Tourism Fund taxes exceeds \$2.2M during first 10 years (OSD's share at 12.5% of County collections).
 - b. Income to County: Projected over \$20M during first 10 years.
 - i. TOT & Tourism Fund: Projected over \$18M.
 - ii. County Sales Tax @ 1.75%: Projected over \$2M.
5. **Added Public Benefits:**
 - a. Local Recreational Benefits: Napa County residents will receive a preferential 20% discount off the published rate for use of tents at the campground.
 - b. Trail Building & Maintenance: Campground staff can maintain local trails and be an expanded source of volunteers for OSD.
 - c. Donations: Guests encouraged to donate to OSD, trail building, and conservation causes.

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- d. *Educational Opportunities:* Proposed “Earth Lab” to educate guests and local schools in the methods of sustainable design and operation.
 - e. *Ideal Location:* Turkey Hill site has been the subject of numerous environmental studies and is ideally situated for a campground. It was grazed by prior owners for decades, does not contain sensitive species, is served by an existing access road off a County Road (Barnett Road), and enjoys secure water rights from wells onsite.
- 6. **Affordable Housing Benefits:** Construction of employee housing for approx. 60 staff members at Turkey Hill, minimizing traffic impacts and providing more affordable housing to the community.
 - 7. **Employment Benefits:** Creation of approx. 60 new employment positions related to campground staff, with economic multiplier effects to local businesses and services.

BENEFITS REQUESTED FROM NAPA COUNTY REGIONAL PARKS & OPEN SPACE DISTRICT

- 1. Apply for county campground use permit.
- 2. Serve as lead agency for CEQA review.
- 3. Hold fee title to the campground and enter into ground lease.

BENEFITS REQUESTED FROM NAPA COUNTY PLANNING DEPARTMENT

- 1. Approve lot line adjustments at Aetna Springs South to accommodate conservation areas and retain existing residential parcels.
- 2. Approve lot line adjustment at Turkey Hill campground to retain two residential parcels out of three. Third parcel to be used for campground.
- 3. Discuss permitting for interspersed vineyards at the Turkey Hill campground and Aetna Springs Resort.