



TITLE

Watson Ranch Specific Plan Implementation

RECOMMENDATION

Receive and file an update on the implementation of the Watson Ranch Specific Plan and consider adopting one or more Minute Orders approving the following:

- 1) Notice of Intent to submit an application to the California Department of Alcohol Beverage Control for an "Entertainment Zone" at the Napa Valley Ruins and Gardens; and/or
- 2) Notice of Intent to submit an application to the California Public Utilities Commission for a public road railroad crossing to access the Watson Ranch Specific Plan; and/or
- 3) Notice of Intent to submit an application with the California Department of Fish and Wildlife to create a Mitigation Bank for the Watson Ranch Specific Plan.

CONTACT

Jason Holley, City Manager

BACKGROUND & ANALYSIS

History of the American Canyon "Town Center"

American Canyon does not (yet) have a "town center". However, the absence of communal gathering place(s) is not uncommon for relatively new cities (American Canyon was incorporated in 1992).

The idea to create a town center was memorialized by American Canyon's founding figures in 1994 as part of the first "General Plan". The location chosen was the former Standard Portland Cement/Basalt Rock Company's cement plant/quarry, which was located within the original City limits (Attachment 1).

Planning for the "American Canyon Town Center Project" began a decade later and by the late 2000's the Council was considering a "specific plan" for mixed residential and commercial uses for the 30-acres of land surrounding the cement plant. Given the financial challenges of creating a town

center, the Council was also considering annexing 70-acres of adjacent unincorporated land that was within the original Urban Limit Line (ULL) to help financially support the project (Attachment 2).

Even those addition lands were deemed inadequate and City leaders began to dream bigger. Thereafter they decided to expand the ULL to provide for additional lands to support the town center. By mid-2008, American Canyon and Napa County reached agreement to expand the ULL and the subsequent voter initiative implementing its expansion was approved by the Council later that year (Attachment 3). The 2008 Agreement set the stage for American Canyon to help the County reach its affordable housing goals and provide water to the unincorporated airport area. The expanded ULL contained another 175-acres of land north and east of the town center site. This action was important because the financial reality of a mixed-use town center project in small community was becoming foreboding - especially in the face of the looming Great Recession.

In late-2010, the Napa County Local Agency Formation Commission approved the annexation of those additional lands - totaling 315-acres - into the City (Attachment 4). Now that these additional lands were in City limits, they could be developed to support the creation of a town center. But since the project had more than doubled in size, additional master planning was needed.

Watson Ranch Specific Plan

From 2012 to 2018, a thirteen-member citizen steering committee facilitated countless private and public planning sessions. The resulting public input was extraordinary. Finally, more than two decades after incorporation, an important milestone was reached; namely, the adoption of the *Watson Ranch Specific Plan* (WRSP) (Attachment 5).

The WRSP is a comprehensive planning document that encompasses 309-acres of land that will contribute significantly to the identity of American Canyon. The WRSP Area is located north of Vintage Ranch; east of the Union Pacific Rail Line; west of the City limits, and generally south of Watson Lane. With its unique draw of new residential neighborhoods surrounding a rebranded town center (Napa Valley Ruins & Gardens or NVRG) - the WRSP lays the foundation for the community's vision to become a reality.

Unfortunately, despite overwhelming local support, 3rd-party legal challenges initially delayed implementation. After settling those legal issues in mid-2019, the Council adopted two ordinances that set the stage for the development of 1,439 dwelling units, 176,000 square feet of commercial space, 58,000 square feet of ancillary commercial space, a 200-room hotel, and an amphitheater contemplated by the WRSP.

Unfortunately, a global pandemic would soon alter the trajectory of the WRSP implementation. Importantly, the Council approved a Development Agreement (DA) with one developer (American Canyon I, LLC or AC-1) which allows development activity to flexibly respond to market conditions for 30 years (Attachment 6).

In 2023, the Watson Ranch Specific Plan was amended to reflect progress accomplished in the first few years. (Attachment 7).

Accomplishments

To date, six (6) different residential projects are approved. The result: 880 dwelling units entitled for construction; of those, 415 dwelling units are complete and inhabited, while 26 units are actively under construction.

In addition, the 200-room hotel with conference facilities, a 3,300-seat amphitheater, and an 800-seat amphitheater are also approved. As proof-of-concept for the permanent amphitheaters, temporary concerts uses are also approved.

Attachment 8 shows the chronology of the discretionary approvals and related actions by the Planning Commission and/or City Council. The table below is a snapshot of residential construction activity.

Lot/Name	Project Name	Homebuilder	Units Entitled	Building Permit Status			
				Not Applied	Plan Check	Issued	Occupancy
Lot 24	Lemos Pointe	Pacific West Communities	186	0	0	0	186
Lots 14, 15	Artisan	DR Horton	98	0	0	0	98
Lot 10	Harvest	DR Horton	219	58	4	26	131
Lot 7	TBD	KB Homes	136	136	0	0	0
Lot 8	TBD	KB Homes	25	25	0	0	0
Promontory	TBD	Design Permit	216	216	0	0	0
Total			880	435	4	26	415

As shown above, substantial development activity has already occurred, with approximately 60% of the residential units contemplated by the WRSP either complete and/or currently entitled.

Entertainment Zone

The first commercial event at NVRG occurred a few weeks ago in conjunction with Blue Note's '2025 Fall Series". Four of the six concert events in this series have already occurred with the final two events happening next weekend. According to the promoter and attendees, the proof-of-concept has been a resounding success.

Other entities related to AC-1 have acquired businesses such as a Loch and Union Distillery, Old Kan Brewery, Ruins Wine Co. and Napa Valley Roasting Co. for the purposes of relocating to NVRG. A

new law (SB 969) could help incentivize these businesses to relocate to American Canyon in support of next year's concert series, which promises to be even more entertaining (Attachment 9).

In addition to more music offerings, a new "sculpture garden" which will initially include 10 - 20 large sculpture art pieces in a garden setting is underway. A beer garden, wine bar, food trucks, picnic areas, etc. with ancillary activities for different age groups is expected to open in late Spring 2026 (weekends/daytime only) weather permitting. For now, parking will be located on the future hotel property, but plans are underway to develop a parking lot on the west side of the NVRG to be accessed directly from South Napa Junction Rd.

The installation of on-site utilities (water, fire, sanitary sewer, recycled water, etc.) inside NVRG will commence following the last concert event this fall. The developer expects this to last 4-5 months. Once complete, there will be permanent fire hydrants, modular restrooms and a separate sanitary system for food services in support of next year's program.

Staff recommends the Council adopt a Minute Order approving a Notice of Intent to submit an application to the California Department of Alcohol Beverage Control for an "Entertainment Zone" at the Napa Valley Ruins and Gardens.

Commercial Access Needed

In order to decouple the dependency of NVRG's food, beverage, and retail offerings from this initial cadence of the music events, the NVRG developer believes bonafide commercial access to highway is needed. This is because support from local American Canyon patrons alone will be insufficient to make these business successful. Instead, NVRG is dependent upon customers visiting American Canyon from elsewhere (who will primarily access NVRG from the highway). Potential NVRG Hotel developers share this perspective.

Currently, no public railroad crossing exists between NVRG and the highway, so the City will be pursuing approval from the CPUC to build one. Recently approved legislation (SB 544 - Laird) provides a new, streamlined process for approving such crossings, and adopting a Notice of Intent will formally initiate that process. The proposed location for this crossing is shown in the WRSP and the General Plan to be the future extension of Rio Del Mar; however final design considerations by both CPUC and/or Caltrans may dictate a different location (Attachment 10).

Staff recommends the Council adopt a Minute Order approving Notice of Intent to submit an application to the California Public Utilities Commission for a public road railroad crossing to access the Watson Ranch Specific Plan.

Mitigation Bank

The 321-acre Jaeger Open Space (JOS) was in 2025 to conserve, protect, and partially compensate for unavoidable impacts to covered species and covered habitat associated with the adjacent WRSP. In particular, the JOS was established to mitigate for a portion of the impacts to the Federal listed California red-legged frog. A Long-Term Management and Monitoring Plan (LTMP) is being implemented to ensure that CRLF habitat within the JOS is managed, monitored, and maintained in perpetuity.

The LTMP establishes objectives, priorities, and tasks to monitor, manage, maintain, and report on covered species, and covered habitat on the property. The LTMP is consistent with the Conservation Easement (CE) covering the JOS (Attachment 11). The LTMP identifies initial capital improvements and a long-term management phase. JOS may provide public access to a limited number of trails - some which may connect to and are accessed from the adjacent City-owned Newell Open Space. The CE allows for the construction and maintenance of the proposed trails and public access. (Attachment 7)

AC-1 proposes to develop a "mitigation bank" to offset costs associated with the JOS. The proposed bank includes permanently setting aside open space lands adjacent to American Canyon and the recently recorded CE will prevent important habitat from being developed.

California's conservation and mitigation banking programs are guided by Fish and Game Code Sections 1797 et seq. The programs are implemented by the Department of Fish and Wildlife (CDFW) with interagency consultation by others (Attachment 12). To assist AC-1, staff recommends adopting a Notice of Intent to submit an application to CDFW for a Mitigation Bank and to begin the interagency consultation process.

Staff recommends the Council adopt a Minute Order approving notice of Intent to submit an application with the California Department of Fish and Wildlife to create a Mitigation Bank for the Watson Ranch Specific Plan.

Conclusion

The numerous successes now unfolding in real-time are rooted in the well-conceived plans of prior leaders and are the result of tremendous efforts by the City's development partners. Additional challenges await, but the foundation for activity remains strong and the future of Watson Ranch and the Napa Valley Ruins and Gardens remains strong.

COUNCIL PRIORITY PROGRAMS AND PROJECTS

Community and Sense of Place: "Build on the strength of our local community to develop a clear 'sense of place' and establish our unique identity."

FISCAL IMPACT

Funding the implementation of the WRSP is a complicated and risky endeavor.

For example, AC-1 reports it has invested \$30.5 million on Master Backbone Infrastructure (MBI) and \$18 million more on "in-tract" infrastructure. MBI is the infrastructure that residents of WRSP will use to travel throughout the area and connect to existing city streets. Visitors to NVRG and existing residents will also utilize the MBI. Examples of MBI include Rolling Hills Drive, Mallen Way, Rio Del Mar Segment 4, and Marcus Road Segment 1. In-tract infrastructure are smaller neighborhood streets that have houses fronting on them. Examples include Encore Street and Junegrass Street.

The MBI enabled the Lemos Pointe Affordable Housing Project to be completed in mid-2024. This first-of-its-kind in Napa Valley modular construction project was developed by Pacific West Communities, Inc. with one-time support of \$7.5 million from California Department of Housing and Community Development (HCD) Infill Infrastructure Grant (IIG) funding and \$4.3 million in annual federal tax credits from the CA Tax Credit Allocation Committee (CTCAC). The project includes 186 apartments set aside for tenants making between 30% and 60% of Area Median Income for our area, which is \$146,700 for a family of four. Of note, construction of these dwelling units exceeded AC-1's "affordable housing" obligations in their DA.

The sale of finished lots to homebuilders such as K.B. Homes and D.R. Horton help AC-1 recoup the cost of infrastructure needed for the development. Three tranches of financing facilitated by the California Statewide Community Development Authority (CSCDA) - of which American Canyon has been a member since 2007 - in amounts of \$6.6 million (2023), \$15.6 million (2024) and \$15 million (2025 - pending) also supported AC-1 efforts (Attachment 13). Of note, the IIG program and CTCAC tax credits are state and federal programs, while the CSCDA financing will be repaid by the eventual homeowners as part of annual property tax assessments.

ENVIRONMENTAL REVIEW

15378(b) - The action is not a "Project" subject to the California Environmental Quality Act ("CEQA") because it does not qualify as a "Project" under Public Resources Code Sections 21065 and 21080 and in Section 15378(b) of Title 14 of the California Code of Regulations.

COMMUNICATION

Level 1: Minimal Communication

ATTACHMENTS:

1. [Town Center Location 1994 General Plan](#)
2. [2007 Draft Town Center Site Plan](#)
3. [2008 City/County ULL Agreement](#)
4. [2010 LAFCO Approval of Town Center Annexation](#)
5. [2018 Watson Ranch Specific Plan](#)
6. [2019 AC-1 Development Agreement](#)
7. [2023 Watson Ranch Specific Plan Amendment](#)

9. Holley Memo to Council SB 969 Entertainment Zone for NVRG
8. Chronology of City Approvals 2017-2025
10. 2025 General Plan - Mobility Element Map
11. JOS Conservation Easement
12. CDFW Mitigation Bank Guidelines
13. CSCDA SCIP Presentation 2024