



Agenda Report

MEETING DATE: Tuesday, February 14, 2023

TO: Planning Commission

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
IVAN CARMONA, ASSOCIATE PLANNER
ALVARO MADRIGAL, ASSISTANT PLANNER

SUBJECT: SPECIAL USE PERMIT (APP NO. 615) TO ALLOW FOR THE
ESTABLISHMENT OF AN OFF-SALE GENERAL (TYPE 21 ABC
LICENSE) UNDER NEW OWNERSHIP FOR AN EXISTING 2,448±
SQUARE-FOOT LIQUOR STORE (U SAVE LIQUORS) LOCATED
AT 1823 FREEDOM BOULEVARD (APN 016-461-01)

STATEMENT OF ISSUES

The project involves the establishment of a Type 21¹ ABC License under new ownership for an existing 2,448± square-foot liquor store (Freedom U-Save Liquor). Project entitlement consists of a Special Use Permit.

RECOMMENDED ACTION

Staff recommends that the Planning Commission adopt a Resolution:

- 1) Finding that the project qualifies for a Class 1 Categorical Exemption from the provisions of the California Environmental Quality Act (CEQA), pursuant to Section 15301 of the CEQA Guidelines (Class 1, Existing Facilities); and
- 2) Approving a Special Use Permit Application to establish a Type 21 ABC License under new ownership at an existing 2,448± square-foot liquor store for Freedom U-Save Liquors, located at 1823 Freedom Boulevard (APN 016-461-01)

BASIC PROJECT DATA

Application No.: Application No. 615

Location: 1823 Freedom Boulevard

APN: 016-461-01

Lot Size: 18,644± square feet (0.43± acre)

¹ A Type 21 California Department of Alcohol Beverage Control (Package Store) license authorizes the sale of beer, wine and distilled spirits for consumption off the premises where sold. Minors are allowed on the premises.

General Plan: General Commercial (GC)
Zoning: Thoroughfare Commercial (CT)

Surrounding General Plan/Zoning: General Commercial (GC) in the Thoroughfare Commercial (CT) Zoning District to the North, Residential Low Density (RLD) in the Single-Family Residential District – Low Density (R-1) Zoning District to the West, General Commercial (GC) in the Thoroughfare Commercial (CT) Zoning District to the South, General Commercial (GC) in the Neighborhood Shopping Center (CNS) Zoning District to the East.

Existing Use: 2,448± square-foot liquor store

Proposed Use: 2,448± square-foot liquor store under new ownership

Surrounding Uses: Various commercial uses along Freedom Boulevard and residential uses along Carey Avenue.

Flood Zone: Not in a flood zone

CEQA Review: The project qualifies for a Class 1 Categorical Exemption from the provisions of the California Environmental Quality Act (CEQA), pursuant to Section 15301 of the CEQA Guidelines.

Applicant: U-Save Liquors, 1823 Freedom Boulevard, Freedom, CA 95019

Property Owner: Daniel Carrillo, 77 Loma Avenue, Watsonville, CA 95076

BACKGROUND

On January 1, 1994, the Department of Alcohol and Beverage Control (ABC) issued Freedom U-Save Liquors, Inc. a Type 21 ABC License for Off-Sale General sales which authorizes the sales of beer, wine, and distilled spirits for a liquor store at 1823 Freedom Boulevard.

On May 20, 1996, ABC transferred the existing Type 21 ABC License to new owner Hardip Singh Grewal to allow for the establishment of the existing liquor store under new ownership.

On September 17, 2001, ABC transferred the existing Type 21 ABC License to new owner Karan-Vikram Corporation to allow for the establishment of the existing liquor store under new ownership.

On September 10, 2002, the City of Watsonville enacted Watsonville Municipal Code (WMC) Chapter 14-25 on Alcohol Related Uses (Ordinance 1135-02-CM). The Ordinance details required documentation for an alcohol related uses application, permits required for various ABC licenses, and conditions of approval for alcohol related uses. For existing alcohol related establishments, the City developed a No-Fee Special Use Permit, a one-page form that was approved without a public hearing for businesses not declared a “public nuisance” or on probationary status with ABC. WMC §14-25.050(b). To comply with this update, the City of Watsonville Zoning Administrator issued a No-Fee Special Use Permit (PP2003-103) to Karan-Vikram Corporation on September 5, 2003.

On September 18, 2020, applicants Samir Alkhalil and Kamal Frej, (for U Save Liquors), on behalf of property owner Daniel Carrillo, submitted an application for the Project requiring a Special Use Permit to allow for the establishment of an Off-Sale General (Type 21 ABC License) under new ownership for an existing liquor store. The application was revised on July 23, 2021 and May 15, 2022 in response to additional information necessary to process their application in compliance with the Alcohol Ordinance.

PROCESS

Special Use Permit

An Off-Sale General (Type 21) ABC License is conditionally permitted in the CT Zoning District with issuance of a Special Use Permit². A conditional use permit is required when there is a transfer of an established regulatory license to new ownership³. Establishing an existing Type 21 ABC License under new ownership therefore requires issuance of a Special Use Permit.

The Planning Commission is authorized to approve Special Use Permits in accordance with the procedures set forth in WMC Sections [14-12.509](#) through [14-12.512](#) if it can make the findings required by [14-12.513](#).

The purpose of the Special Use Permit is to ensure the proper integration of uses which, because of their special nature, may be suitable only in certain locations or zoning districts or only provided that such uses are arranged or designed in a particular manner⁴. This special review shall be for the purpose of determining that the proposed use is, and will continue to be, compatible with surrounding, existing, or planned uses; and for the further purpose of establishing such special conditions as may be necessary to ensure the harmonious integration and compatibility of uses in the neighborhood and with the surrounding area⁵.

Alcohol Related Uses Application

In accordance with [WMC § 14-25.011](#), an application to allow an alcohol sales establishment must provide the following materials⁶:

- Locational information;
- Business plan;
- Safety and security plan;
- Neighborhood compatibility plan; and
- Community benefits.

Application Review and Scoring

Once the applicant submits a complete application, City staff (consisting of the Police Chief, Fire Chief, Community Development Director, Finance Director, City Manager or their designees)

² Subdivision (b) of WMC [14-16.1203](#)

³ Subdivisions (c) and (d) of WMC § 14-16.1203

⁴ [WMC § 14-12.500](#)

⁵ [WMC § 14-12.501](#)

⁶ [WMC § 14-25.011](#)

review the application, and interview applicant(s) within 60 days⁷. Successful applications shall receive a score of at least 80 percent of all available points on the rubric. If an application fails, a new application for an alcohol sales permit may be submitted after 90 days of notice of rejected application. The Planning Commission shall consider each application for a Special Use Permit and shall approve or conditionally approve the permit upon making each of the following seven findings required by [WMC Section 14-12.513](#).

Standard and Special Operational Standards and Conditions of Approval

The Planning Commission may condition the alcohol related use with the 11 minimum operational standards of WMC Section 14-25.020 and the two operational standards Off-sale alcohol sales establishments (Types 20, 21) of WMC Section 14.25.023.

Environmental Review

The California Environmental Quality Act (CEQA) requires local and state governments to consider the potential environmental effects of a project before making a decision on it. CEQA's purpose is to disclose any potential impacts of a project and suggest methods to minimize identified impacts. Certain classes of projects, however, have been identified that do not have a significant effect on the environment, and are considered categorically exempt from the requirement for the preparation of environmental documents. [State CEQA Guidelines § 15300](#).

STANDARD OF REVIEW & APPEAL PROCESS

The decision before the Planning Commission – a Special Use Permit – is an adjudicative/quasi-judicial decision and requires findings, either for denial, or as recommended, for approval that is supported by substantial evidence. *Toigo v Town of Ross* (1998) 70 Cal App 4th 309; see also *Petrovich v. City of Sacramento* (2020) 48 Cal App 5th 963. If the Planning Commission's decision is appealed, the City Council will consider whether the action taken by the Planning Commission was erroneously taken and may sustain, modify, or overrule the action.

DISCUSSION

Existing Site

The ±0.43-acre subject site is in an existing commercial area and developed with multiple existing commercial tenant spaces at the intersection of Freedom Boulevard and Green Valley Road. The site consists of three commercial tenant spaces at the addresses: 1819; 1823; and 1829 Freedom Boulevard, with the tenant space for Freedom U-Save Liquors located at 1823 Freedom Boulevard. Freedom U-Save Liquors is located between the Wooden Nickel Diner and Pajaro Valley Printing. Additional businesses within the immediate vicinity include a wide variety of retail related uses such as restaurants, drive-thru restaurants, pharmacies, gas stations, and a hardware store. The parking lot is shared with adjoining businesses and access is granted from multiple driveway approaches on Freedom Boulevard and Green Valley Road. To the north, east, and south of the site are other commercial uses. To the west of the site are single and multi-family residential uses accessed from Carey Avenue. See Figure 1 for an aerial view of the project site.

⁷ [WMC § 14-25.012](#)

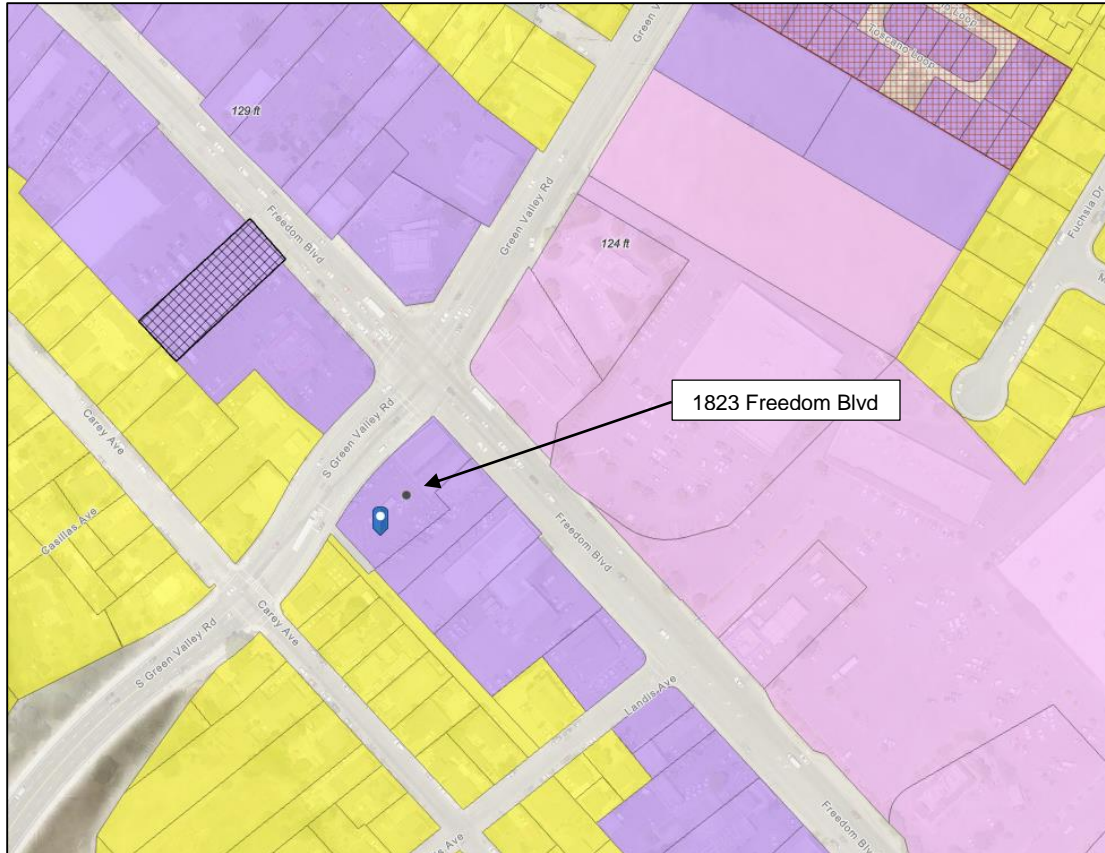


FIGURE 1 Project Location and Zoning

Source: City of Watsonville GIS Viewer, Accessed November 14, 2022

Floor Plan

There are two entrance doors, with the main entrance door accessed from Freedom Boulevard and the back entrance door accessed from the parking lot. To the left of the main entrance door is the cashier counter area and on the right side of the 2,448± square-foot liquor store is a walk-in beer cooler area, with a restroom located to the rear. Behind the restroom is a liquor storage room, accessed through a separate door, where supplies and overstock are kept. The main floor area has four aisles of various snacks and goods. On the back wall of the main commercial space is another seven door cooler area used for sodas. There is a storage area behind this seven-door soda cooler. Liquor and tobacco products are kept behind the cashier area. See Figure 2 for the floor plan.

According to the applicant's Alcohol Related Uses Application (Attachment 2), 16 security cameras are located throughout the tenant space, including five cameras pointed on the cashier/liquor rack area and five cameras pointed on the beer cooler area. There are approximately six rows of overhead lights to illuminate the main floor area.

Hours of Operation

The proposed hours of operation for Freedom U-Save Liquors are Sunday through Thursday 8:00 AM to 11:00 PM and Friday through Saturday 8:00 AM to 12:00 AM. The hours have been reviewed by the Watsonville Police Department and were found to be acceptable.

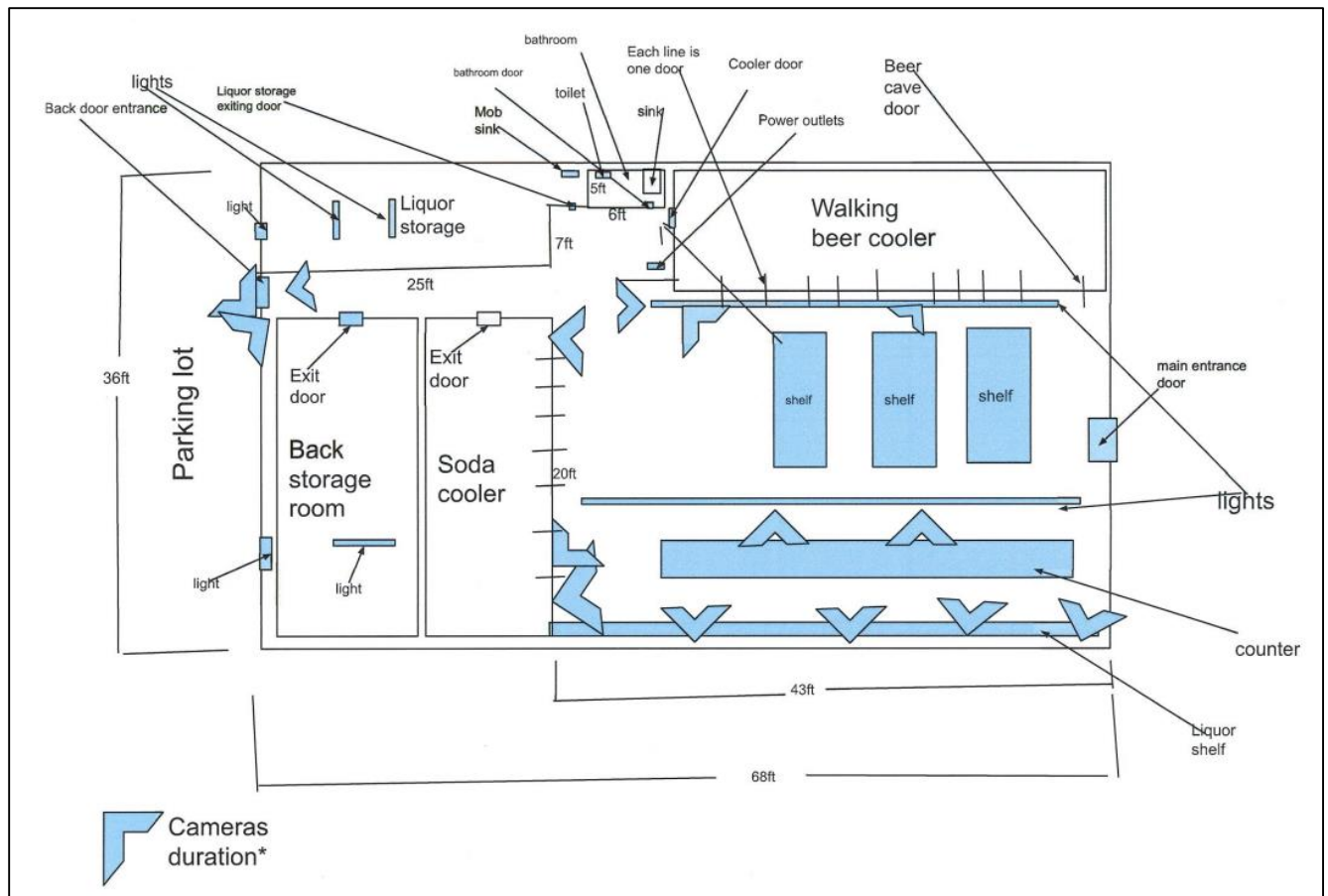


FIGURE 2 Floor Plan

Source: Alcohol Related Uses Application, received September 24, 2020, revised July 13, 2021 and May 15, 2022

Police Review

The Watsonville Police Department tracks all alcohol licenses in the City and the reported crime associated with these sites. The Police Department also confirms whether alcohol license holders comply with ABC regulations.

Police Department Review indicates that the site is not located within a high crime area, but is in a location with an over-concentration of off-sale ABC Licenses. As the request is for a change in ownership of an existing Off-Sale General License and does involve the establishment of a new license, a Public Convenience and Necessity Letter from the Police Department is not required.

Type 21 ABC License

ABC issues various licenses for the sale of alcohol for different types of establishments. A Type 21 Off-Sale General License authorizes the sale of beer, wine and distilled spirits for consumption off the premises where sold. Minors are allowed on the premises.

The proposed use has been conditioned with:

- the City's standard conditions for alcohol establishments
- the City's standard 2 conditions for off sale beer, wine and distilled spirit sales

These conditions ensure that an alcohol establishment with off sale beer, wine, and distilled spirit sales will be in conformity with applicable regulations and not have any negative impacts to the surrounding neighborhood.

LEAD Training

A condition of approval requires all service staff, managers and owners attend Licensee Education on Alcohol and Drugs (LEAD) training within ninety (90) days of approval of this Use Permit and/or employment at the restaurant to ensure they understand responsible beverage service practices and procedures regarding the sale and service of alcohol. The applicant is required to submit verification of LEAD training attendance to the Community Development Department.

Compliance with Alcohol Ordinance

WMC Chapter 14-25 regulates the location and operation of alcohol establishments within the City. This chapter is intended to reduce alcohol-related environmental and social problems by regulating the use, operation, and location of new alcohol establishments selling alcoholic beverages in relation to existing alcohol licensees and their proximity to sensitive uses and facilities customarily to be used by children and families.

In accordance with [WMC Section 14-25.011](#), the applicant provided the following information regarding their Business Plan for Freedom U-Save Liquors.

We are family owned business. 5 of us family work at the store. We are open 7 days a week from 8am to 11pm, and Friday-Saturday we stay extra hour. When the store opens we check all the coolers and the freezers temperatures and we get ready to start the business day. We don't have a coffee makers or fountain drinks. We always keep the store clean, we clean the shelves once every week. We stack up the beer, liquor and the soda every day or whenever they get low. We clean up the bathroom every day, sweep and mop the store every day, clear around the counter all the time, dust all where dusts are, sweep and air blow the parking lot when needed, keep everything stacked up. We ask for ID and are careful to not sell a minor alcohol or tobacco and don't sell alcohol to drunk people. We make sure that there is no one drinking alcohol around the store and smoking and report all crimes or suspicions of illegal activities.

Also in accordance with [WMC Section 14-25.011](#), the applicant provided the following information in its Neighborhood Compatibility Plan:

The store is on a very busy intersection with a big parking lot. The residential neighbors are very far away, with the businesses next to us are a print shop and a restaurant. There is no noise emitted by the store with "no loitering" and "handicap" signs, plus vehicle towed by owner expense for unauthorized parking, and recently added lights for the parking lot and store inside. Each one of us has great experience to make sure we ID everyone trying to buy alcohol or tobacco to prevent selling it to minors, we even keep an eye to homeless people trying to purchase alcohol for minors and report them to PD. We have a little brother, or even us, we have a leaf

blower to clean outside then sweep it, plus a water pressure machine to clean around every two weeks or so, but daily every trash is picked and everything is clean.

Additionally, the applicant provided the following information for their Safety and Security Plan:

We recently added new lights to the parking lot and store inside. We don't sell alcohol to drunk people that will make the community look bad and build a good image for the store. We limit the amount of alcohol that homeless people get from the store and make sure no one is drinking around the store or smoking and report all crimes or suspicions of illegal activities. We take all measures to not let anything happen plus report all crimes and illegal activities.

During alcohol interview, and on-site plan, applicant noted 16 working security cameras set up. Current camera retention footage saves for 10 days. Applicant plans to upgrade system to save for 30 days.

In accordance with [WMC Sections 14-25.021](#) and [14-25.0223](#), all operational standards applicable to an off sale general ABC License are incorporated as Conditions of Approval.

Interview Scoring

The application was initially reviewed in September 2020 for completeness, with additional information requested from the applicant in October 2020. The applicant resubmitted supplemental information in July 2021 and May 2022. After the application was deemed complete, the applicant was interviewed by a selection committee consisting of the Police Chief, Fire Chief, Community Development Director, Finance Director, and City Manager or their designees. The applicant was then interviewed and scored based on four main categories: location (150 points), business plan (275 points), neighborhood compatibility plan (375 points), and a safety and security plan (225 points). There are bonus points that applicants may receive for community benefits (50 points), labor and employment (25 points), and local enterprise/qualifications of principals (75 points). The maximum possible score for an alcohol related use application for a liquor store, excluding the bonus points. An applicant must receive a minimum score of points (80%) to be approved.

On October 5, 2022, Ben and Freddy Alkhalil appeared for the applicant Freedom U-Save Liquor, on behalf of business owners, Samir Alkhalil and Kamal Frej, and property owner Daniel Carrillo, receiving a score of 878. With bonus points included, the application received a score of 898 out of 1,025 points. A summary related to the interview scoring follows each interview category, and can be found in Attachment 3.

Special Use Permit and Alcohol Related Uses Findings

The Planning Commission must make the findings required in WMC Sections 14-25.013 and 14-12.513 to approve or conditionally approve the Special Use Permit allowing the operation of an existing Off-Sale General license under new ownership. The applicant has demonstrated through their Alcohol Related Uses Application and Alcohol Related Uses Interview conformance with the City of Watsonville's Alcohol Related Uses Ordinance. As

such, the Planning Commission may make required findings to approve the requested Special Use Permit.

Environmental Review

The proposed project is eligible for a Class 1 Categorical Exemption per Section 15301 of the State CEQA Guidelines as it involves establishing an alcohol license (Type 21 ABC License) under new ownership and involves no expansion of the existing use. The project will not involve any interior or exterior modifications.

STRATEGIC PLAN

The project follows Goal 04 (Economic Development) of the City's Strategic Plan in that it involves the establishment of a Type 21 ABC License under new ownership for an existing liquor store, Freedom U-Save Liquors. The establishment of an existing business under new ownership provides continued job and workforce development opportunities.

FINANCIAL IMPACT

The establishment of a Type 21 ABC License under new ownership will provide continued sales tax revenue. The City received a onetime fee from the applicant to process the permit application.

ALTERNATIVE ACTION

The Planning Commission may deny the request to establish a Type 21 ABC License under new ownership for an existing 2,448± square-foot liquor store (Freedom U-Save Liquor), subject to making findings for denial.

ATTACHMENTS

1. Site and Vicinity Map
2. Alcohol Related Uses Application (Received 9/24/2020, Revised 7/23/2021 & 5/15/2022)
3. Alcohol Related Uses Rubric (Interview conducted 10/2/2022)