

Agenda Report



MEETING DATE: Tuesday, May 7, 2024

TO: PLANNING COMMISSION

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
ASSOCIATE PLANNER CARMONA

SUBJECT: SPECIAL USE PERMIT (PP2024-88) TO ALLOW
ESTABLISHMENT OF AN ABC TYPE 21 OFF-SALE LICENSE FOR
VALLARTA SUPERMARKET AND AN ABC TYPE 47 ON-SALE
LICENSE FOR SAYULITA TAP ROOM, LOCATED AT 1702
FREEDOM BLVD (APN: 019-282-15)

RECOMMENDED ACTION

Staff recommends the Planning Commission adopt a Resolution approving a Special Use Permit Application to establish an ABC Type 21 off-sale license for Vallarta Supermarket and an ABC Type 47 on-sale license for Sayulita Tap Room, located at 1702 Freedom Boulevard (APN: 019-282-15); and finding that the project is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301(Class 1-Existing Facilities)

BASIC PROJECT DATA

Application:	PP2024-88
Location:	1702 Freedom Blvd (APN: 019-282-15)
Parcel Size:	8.45± acres (367,995± SF)
General Plan:	General Commercial
Zoning:	CNS (Neighborhood Shopping Center)
Surrounding:	Residential Low Density in the R-1 Zoning District to the north, Residential Medium Density in the RM-2 Zoning District to the east, CNS to the south, and Commercial Office in the CO Zoning District to the west.
Existing Use:	94,423± SF vacant commercial retail store
Proposed:	56,880± SF Vallarta Supermarket with an ABC Type 21 off-sale license and a 2,510± SF Sayulita Tap Room with an ABC Type 47 on-sale license.
Flood Zone:	N/A
Applicant:	Zixta Enterprises, Inc. 10147 San Fernando Rd., Pacoima, CA 91331

Property Owner: John C. Adams, P.O. Box 1479, Aptos, CA 95001

BACKGROUND

According to the County of Santa Cruz Assessor's Office, the subject property located at 1702 Freedom Blvd was developed with a 94,423± SF commercial building in 1993. The commercial building was occupied by K-Mart until it closed in August 2021. The commercial building has remained vacant since.

On March 6, 2024, the Community Development Department approved Zoning Clearance PP2024-6835 to allow establishment of Vallarta Supermarket within the CNS Zoning District.

On December 13, 2023, the Community Development Department issued Building Permit 2023-5374 to allow tenant improvements within an existing vacant commercial building for Vallarta Supermarket.

Proposal

On March 7, 2024, Zixta Enterprises, Inc., on behalf of property owner, John C. Adams, submitted a Special Use Permit Application (PP2024-88) to establish an ABC Type 21 off-sale license for Vallarta Supermarket and an ABC Type 47 on-sale license for Sayulita Tap Room, which will serve alcohol and food, located at 1702 Freedom Blvd.

PROCESS

Special Use Permit

The establishment of a grocery store with off-sale liquor sales and a restaurant with on-sale liquor sales is conditionally permitted in the CNS Zoning District with issuance of a Special Use Permit¹.

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 manner². 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 area³.

¹ Subdivision (b) of WMC [14-16.1403](#)

² [WMC § 14-12.500](#)

³ [WMC § 14-12.501](#)

Alcohol Related Uses Application

In accordance with [WMC § 14-25.011](#), an application to allow an alcohol sales establishment must provide the following materials⁴:

- Location 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, and City Manager or their designee(s)) review the application and interview applicant(s) within 60 days⁵. 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.

STANDARD OF REVIEW & APPEAL PROCESS

The decision whether to approve this Alcohol Use Permit is adjudicative and requires environmental review. For more information on standard of review and process, see the [Standard of Review and Process Overview](#) on the City website.

DISCUSSION:

The 8.45± acre site is part of an existing shopping center, featuring a 15,400 SF commercial building and a larger 94,423 SF commercial building. The smaller building houses multiple tenants, while the larger one was formerly occupied by Kmart until August 2021. Nearby businesses include restaurants, pharmacies, gas stations, and a hardware store. The site has a parking lot facing Freedom Boulevard that provides sufficient parking for the businesses within the shopping center. Surrounding the site are other commercial properties to the south, east, and north, with single- and multi-family residences to the west. For an aerial view, refer to Figure 1.

⁴ [WMC § 14-25.011](#)

⁵ [WMC § 14-25.012](#)



FIGURE 1 Project Location and Zoning

Source: City of Watsonville GIS Viewer, Accessed April 16, 2024

Floor Plan

Vallarta Supermarket will be occupying a vacant 94,423 SF commercial building that was previously occupied by Kmart. The floor plan (Attachment 1) proposes demising the commercial building into three tenant spaces. The supermarket will inhabit a total area of 56,880 SF while the restaurant will inhabit a total area of 2,510 SF. The remaining 35,033 SF will remain vacant. Figure 2 provides an illustration of the proposed floor plan for Vallarta Supermarket and Sayulita Tap Room.

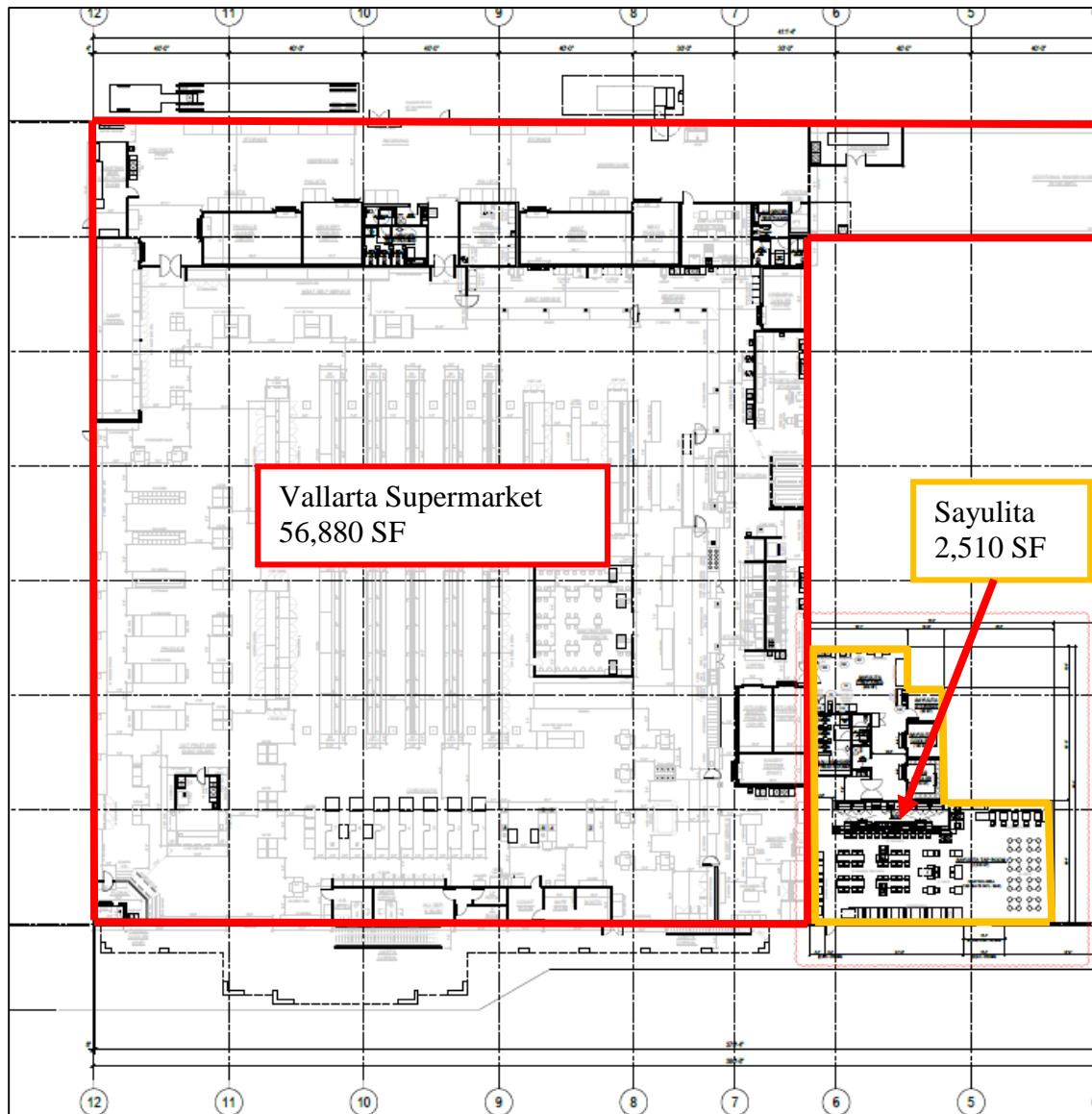


FIGURE 2 Floor Plan

Source: Alcohol Related Uses Application, received March 7, 2024

A project condition of approval will require that the grocery store and restaurant to be equipped with security cameras. The security surveillance system will be reviewed by the Watsonville Police Department prior to issuance of a certificate of occupancy. The security surveillance system will also be inspected prior to issuance of a certificate of occupancy.

Hours of Operation

Vallarta Supermarket:

- 7 days a week 7:00 am – 11:00 pm

Sayulita Tap Room:

- Monday – Thursday: 10:00 am – 10:30 pm
- Friday – Saturday: 10:00 am – 11:00 pm
- Sunday: 9:00 am – 10:30 pm

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 and does not have an over-concentration of ABC Licenses. Census Tract 1105.04 has a total of three ABC Licenses. Two of those licenses are ABC Type 20, which authorizes the sale of beer and wine for off-site consumption, and are located at 1830 Freedom Boulevard (Shell Gas Station) and 1810 Freedom Boulevard (Walgreens). The third license is an ABC Type 41, which authorizes the sale of beer and wine with the consumption of food, and is located at 1726 Freedom Boulevard for Taqueria Mi Tierra. Taqueria Mi Tierra will be closing in the near future because the property owner has received approval from the Planning Commission to replace the existing restaurant with a new Starbucks coffee shop. Therefore, the ABC Type 41 License operated by Taqueria Mi Tierra will no longer be active at 1726 Freedom Boulevard.

Based on the facts listed above, the establishment of a new ABC Type 21 off-sale license for Vallarta Supermarket and a new ABC Type 47 on-sale license for Sayulita Tap Room is supported by the Watsonville Police Department. The two new licenses will bring the total number of ABC licenses in the census tract to 4, which does not constitute an over-concentration. Therefore, the project does not require a Letter of Public Convenience and Necessity.

ABC Type 21 License

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 and the City's standard 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 on the surrounding neighborhood.

ABC Type 47 License

A Type 47 On-Sale General License authorizes the sale of beer, wine, and distilled spirits for consumption on the licensed premises. The license must operate and maintain as a bona fide eating place where minors are allowed on the premises.

The following conditions of approval for the proposed use have been included:

- All alcohol servers and managers shall be RBS (Responsible Beverage Service) certified.
- The hours of operations shall be limited to:
 - Sunday – Thursday: Last call at 10:00 pm, closing at 10:30 pm
 - Friday – Saturday: Last call at 10:30 pm, closing at 11:00 pm

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

LEAD Training

A condition of approval requires all service staff, managers, and owners to 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 Vallarta Supermarket and Sayulita Tap Room.

The proposed operation is a new Vallarta Supermarket with Sayulita Tap Room. Vallarta Supermarkets began in 1985 and now operates nearly 60 supermarkets throughout the state of California. Vallarta remains a family-owned business and takes great pride in their operations. The new Vallarta Supermarket will employ approximately 50 people. Each employee will undergo Vallarta's own corporate training specific to their particular employment responsibilities.

This new Vallarta Supermarket location will also include a "Sayulita" on-site restaurant. Many of the latest Vallarta Supermarkets have included this added feature of a full service sit down restaurant attached to a Vallarta Supermarket. The restaurant will occupy a 3,839 sf area, and offer a 2,510 sf dining area. It will offer 138 interior seats including 15 at the bar, a full menu of food items will be available at the bar. No patio or outdoor seating is proposed. The restaurant will offer a menu of Central American favorites which will be freshly prepared in the restaurant's full commercial kitchen. As is common with many full service restaurants, Sayulita will offer a selection of beer, wine, and spirits to be enjoyed on-site with a meal. The Sayulita restaurants operate

with an ABC Type 47 license allowing the sale of a full line of alcohol for on-site consumption in conjunction with the operation of a bona fide eating establishment.

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

The proposed Vallarta Supermarket and Sayulita Tap Room will be occupying a portion of an existing commercial building within a multi-tenant retail center. The site is appropriate in that it is located in the CNS - Neighborhood Shopping Center Zoning District. The site is located along an established commercial thoroughfare, with a variety of commercial, retail and service uses on the adjacent properties along Freedom Blvd. Residential uses are located to the north and east of the retail center. The buildings on the site are situated in such a way that the main operations, patron entrances and parking areas are away from the residents and the buildings act as buffers to any noise or commotion. The site offers an abundance of on-site parking so that patrons of the new supermarket will not need to park on nearby neighborhood streets. The proposed operations have reasonable hours of operation so that there are no concerns with late night operations disrupting the surrounding neighborhoods.

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

Vallarta Supermarkets operates 60 stores throughout the state. They have become experienced in the responsible operation of their supermarkets and in maintaining a safe environment for their patrons, employees, and the surrounding area. All Vallarta employees undergo corporate training, aspects of which are based on the responsibilities of their employment position. This training will include how to conduct the safe and responsible sale of alcohol for both cashiers and managers.

Within the new supermarket, the beer and wine will be kept in a designated area near the middle of the store. As in all Vallarta Supermarkets, distilled spirits are stored in a secure and vigilant manner. All distilled spirits are kept in a locked cabinet near the front of the store, adjacent to both the cashiers and the managers station. When a customer wishes to purchase a distilled spirit, they must first approach the cashier and provide proper identification establishing they are 21 years or older. At this point the cashier calls the manager and the manager unlocks the cabinet and pulls the requested item. The manager then locks the cabinet and delivers the item to the cashier. Managers are the only individuals that have keys to the locked spirits cabinet.

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 for completeness in March 2024. 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 Deputy City Manager. The applicant was then interviewed and scored based on four main categories:

location (200 points), business plan (350 points), neighborhood compatibility plan (375 points), and a safety and security plan (450 points). There are bonus points that applicants may receive for community benefits (30 points), labor and employment (15 points), and local enterprise/qualifications of principals (45 points). The maximum possible score for an alcohol related use application excluding the bonus points is 1375. An applicant must receive a minimum score of points (80%/1,100 points) to be approved.

On March 19, 2024, Sandie Nunez appeared on behalf of business owners, Zixta Enterprises, Inc., and property owner John C. Adams, and received a score of 1,310. With bonus points included, the application received a score of 1,370. 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 establishment of Off-Sale General and On-Sale General licenses on the site. 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 two alcohol licenses (Type 21 and Type 47 ABC License) for Vallarta Supermarket and Sayulita Tap Room, two principally permitted uses in an existing commercial building, which constitutes a negligible expansion of the existing uses.

ATTACHMENTS

1. Floor Plans (Received 3/7/2024)
2. Alcohol Related Uses Application (Received 3/7/2024)
3. Alcohol Related Uses Rubric (Interview conducted 3/19/2024)