

City of Watsonville
MEMORANDUM



DATE: June 22, 2020

TO: Planning Commission

FROM: Suzi Merriam, Community Development Director
Sarah Wikle, Assistant Planner

SUBJECT: Public Hearing to consider approval of a Special Use Permit Application (Application No. 66) to establish a new Type 70 ABC License at a proposed hotel with alcohol sales, Hampton Inn and Suites, located at 75 Lee Road (APN: 018-302-05) .

AGENDA ITEM: July 14, 2020 **Planning Commission**

RECOMMENDATION:

Staff recommends that the Planning Commission adopt a Resolution approving a Special Use Permit Application to establish a new Type 70 ABC License¹ at a proposed hotel and snack shop with alcohol sales, Hampton Inn and Suites, located at 75 Lee Road (APN: 018-302-05).

The recommendations are based on the attached findings and conditions of approval.

BASIC PROJECT DATA

APPLICATION NO.: Application No. 66 **APN:** 018-302-05
LOCATION: 75 Lee Road **LOT SIZE:** ±2.34acres

PROJECT DESCRIPTION: Special Use Permit Application to establish a new Type 70 ABC License at a proposed hotel and snack shop with alcohol sales, Hampton Inn and Suites located at 75 Lee Road.

GENERAL PLAN: General Commercial (GC)
ZONING: Visitor Commercial (CV)

SURROUNDING GENERAL PLAN/ZONING: General Commercial in the Visitor Commercial (CV) Zoning District (north, east and south), Agricultural land (west).

¹ ABC Type 70 On Sale General (Restrictive Service) Authorizes the sale or furnishing of beer, wine and distilled spirits for consumption on the premises to the establishment's overnight transient occupancy guests or their invitees. This license is normally issued to "suite-type" hotels and motels, which exercise the license privileges for guests' "complimentary" happy hour. Minors are allowed on the premises.

EXISTING USE: Hotel under construction

PROPOSED USE: Hotel with alcohol sales

SURROUNDING USES: Various proposed commercial uses along Lee Road

FLOOD ZONE: 100 Year Flood Zone – AE & AO

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: Elite Hospitality Group LLC, 144 West Lake Avenue, Watsonville, CA 95076

PROPERTY OWNER: Elite Hospitality Group LLC, 144 West Lake Avenue, Watsonville, CA 95076

BACKGROUND

Original Permit Approval

The project site is part of a larger 7.3± commercial development site. It was developed previously for industrial use as an Indalux aluminum extrusion plant, which closed several years ago.

On September 1, 2015, the Planning Commission of the City of Watsonville adopted Resolution No. 19-15 (PC), approving a Special Use and Design Review Permit with Environmental Review (PP2015-184) to allow construction of a 3,673± square-foot service station (food mart) with 12 pumps and four restaurant pads with a drive-through lane totaling 6,326± square-feet at project site 1715 West Beach Street (formerly APN 018-302-03).

On April 5, 2016, the Planning Commission Adopted Resolution No. 07-16 (PC), which resulted in the following actions:

1. Recommend the City Council approve a General Plan Map Amendment for the larger 7.3-acre site changing the General Plan Designation from Industrial (I) to General Commercial (GC)
2. Recommend the City Council rezone the site from General Industrial (IG) to Visitor Commercial (CV),
3. Recommend the City Council include a policy modification deleting hotel/motel from the Ag buffer requirements of 2004's Resolution No. 274-04 (CM); and
4. Recommend approval of a Special Use Permit with Design Review and Environmental Review (PP2015-74) to allow construction of two four-story hotel buildings totaling 192 rooms and three additional store pads totaling 5,000± square-feet and three additional restaurant pads totaling 12,850± square-feet.

On April 26, 2016, the City Council took four actions:

1. Adopted Resolution No. 57-16 (CM), approving the Mitigated Negative Declaration and Mitigation Monitoring Plan in compliance with California Environmental Quality Act (CEQA) for environmental review for the construction of a four-story, 112 room hotel; a

four-story, 80 room hotel; three restaurant pads totaling 12,850± square-feet; and three store pads totaling 5,000± square feet on a 7.3± acre project site located at 1715 West Beach Street (APN 018-302-03).

2. Adopted Resolution No. 58-16 (CM), approving the 20th Amendment to the Watsonville 2005 General Plan to re-designate former Assessor's Parcel Number 018-302-03 located at 1715 West Beach Street, Watsonville, California, from (I) Industrial to (GC) General Commercial to allow the construction of a four-story, 112 room hotel (Hampton Inn); a future four-story, 80 room hotel; 5,000± square-foot retail space; and 12,850± square-foot space for three restaurant pads on a 7.3± acre project site, and directing changes to be made on the 2005 General Plan Land Use Diagram of the City of Watsonville.
3. Introduced an uncodified ordinance approving the rezoning of the project site at former Assessor's Parcel Number 018-203-03 located at 1715 West Beach Street, Watsonville, California, from IG (General Industrial) to CV (Visitor Commercial) and directing changes to be made on the Zoning Map of the City of Watsonville. At the next regularly scheduled City Council meeting of May 10, 2016, the City Council of the City of Watsonville adopted Ordinance No. 1329-16 (CM), approving the rezoning of the subject site.
4. Adopted Resolution No. 59-16 (CM), approving application No. PP2015-74 for a Special Use Permit with Design Review, filed by the applicant to construct a four-story, 112 room hotel; a four-story, 80 room hotel; three restaurant pads totaling 12,850± square-feet; and three store pads totaling 5,000± square-feet on a 7.3± acre project site located at 1715 West Beach Street (APN 018-302-05).

On August 2, 2016, the Zoning Administrator approved a Minor Modification (PP2016-134) to Special Use Permit with Design Review (PP2015-74/PP2015-184) for the construction of a service station with food mart and three restaurant pads (including a previously approved drive through) at the subject site.

On March 15, 2017, the Community Development Director approved a Certificate of Compliance (PP2014-205) to recognize three parcels which comprise the subject site (APN 018-302-03).

On May 15, 2017, the Minor Land Division Committee approved Boundary Line Adjustment (PP2017-93) to modify the boundary lines between three lots located at 69-79 Lee Road (formerly 1715 West Beach Street).

On April 20, 2020, the Minor Land Division Committee approved Minor Land Division (Tentative Parcel Map) Application (PP2020-27) to allow creation of two parcels at 69-79 Lee Road (APN 018-302-06).

On April 30, 2020, the Zoning Administrator approved a Minor Modification (PP2020-90) to Special Use Permit with Design Review and Environmental Review (PP2015-74/PP2015-184) to allow color changes to be consistent with Hampton Inn color palettes for an approved 4-story,

112 room hotel. This modification was requested during the construction phase of the project.
Proposal

On May 11, 2020 applicant and property owner Elite Hospitality Group LLC, submitted a Special Use Permit (Application No. 66) to establish a new Type 70 ABC License for a proposed hotel and treats shop.

Elite Hospitality Group LLC has hired Ricardo Contreras, General Manager of the Hampton Inn and Suites, to manage the proposed hotel with alcohol sales.

PROCESS

Special Use Permit

The Special Use Permit application to establish an on sale general - restrictive services I license at a proposed hotel and treats shop was submitted after the adoption of the recently modified Alcohol Ordinance (Ordinance Nos. 1384-19 and 1385-19) and will be reviewed under the new Alcohol Ordinance provisions, as set forth in [Chapter 14-25 of the Watsonville Municipal Code \(WMC\)](#).

[WMC Chapter 14-25](#) and [Chapter 14-16](#) identifies the types of alcohol related uses that require a Special Use Permit, including off-sale and on-sale uses that allow for the sales of distilled spirits. An On-Sale General – Restrictive Service (ABC Type 70) License authorizes the sale of beer, wine, and distilled spirits for consumption on the premises to the establishment's overnight transient occupancy guests or their invitees. In accordance with how an alcohol license is processed for on-sale and off-sale uses allowing for the sales of distilled spirits within commercial zoning districts, as set forth in WMC Chapter 14-16, the application is being processed as a special use permit to document the establishment of a new Type 70 ABC License at a proposed hotel and snack shop with alcohol sales in the CV Zoning District [\(WMC §14-16.1603\(b\)\)](#).

A Special Use Permit application proposing alcohol sales requires submittal of the following documents ([WMC § 14-25.011](#)):

- Business plan to include a description of the alcohol sales establishment, its legal structure, its leadership team, experience, owners and employees, and describing operational aspects, including if there is to be live entertainment or dancing, and describing the circumstances for such;
- Description of location to include site plan and floor plan;
- Safety and Security Plan. Assessment of site security and training of personnel as well as safety of patrons;
- Neighborhood compatibility plan which will set forth and explain, at a minimum: measures to avoid sales to minors, for reporting crimes, and to avoid or mitigate intoxication, violence, public urination, solicitation, illegal drug use, drug dealing; and
- Community Benefits. Identify benefits to the community that the business will provide.

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) review the application, and interview applicant(s) within sixty (60) days. [WMC § 14-25.012](#).

Successful applications shall receive a score of at least eighty percent (80%) of all available points on the rubric. If an application fails, a new application for an alcohol sales permit may be submitted after ninety (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 findings required in [WMC Section 14-12.513](#):

- The proposed use received the minimum score necessary to issue a conditional use permit;
- The proposed use will not cause adverse noise, litter, crowd control, or parking impacts;
- The proposed use will not create objectionable conditions that constitute a nuisance, as defined in California Business and Professions Code section 24200(f)(2); and
- The proposed use will maintain all levels of service, including but not limited to the provision of security, maintenance of premises, LEAD training, and professional management as identified in the original application.

Having demonstrated the application conforms to all the required findings of the WMC, the Planning Commission may condition the alcohol related use with minimum operational standards, pursuant to [WMC Section 14-25.020](#).

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 whether to approve this Special Use Permit is adjudicative, sometimes referred to as quasi-judicial. The Commission is called upon to determine whether this project complies with local ordinances.

Whether a particular decision is adjudicative or legislative affects the requirements for findings to support the decision. Legislative decisions involve the adoption of broad policies applicable to many situations (for example, general plan amendments and zoning ordinance changes). Legislative decisions need not be accompanied by findings, unless a State law or City ordinance requires them.

Adjudicative (or “quasi-judicial”) decisions, on the other hand, are not policy decisions. Adjudicative/quasi-judicial decisions apply already adopted policies or standards to individual cases, such as a variance or conditional use permit application. Adjudicative/quasi-judicial decisions are based on evidence and must always be supported by findings.²

² Quasi-judicial decisions require the decision-making body to take evidence and use its judgment to make factual as well as legal determinations about whether a particular property or project meets the standards established by the land use ordinance.

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* (April 8, 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. In order for an official action to be overturned by an appeal, the City Council must find that the action taken by the Planning Commission was taken erroneously and was inconsistent with the intent of the Zoning District regulations that regulate the proposed action.

[WMC § 14-10.1106](#)

A lawsuit is required to challenge a Council's decision. A reviewing court will consider whether an adjudicative/quasi-judicial decision by the Council was supported by adequate findings. Courts scrutinize adjudicative/quasi-judicial decisions closely. An action may be overturned if the City (1) exceeded its authority, (2) failed to provide a fair hearing³, or (3) made a decision not supported by substantial evidence (also called "a prejudicial abuse of discretion").

Another important difference between legislative and adjudicative/quasi-judicial decisions is the substantial evidence standard: in weighing evidence of what happened at the Council meeting, courts go beyond whether a decision was "reasonable" (the legislative standard). Court's reviewing adjudicative/quasi-judicial decisions look to make sure the decision is supported by substantial evidence. Denied applicants argue there is no substantial evidence to support the decision. Cities usually assert there is substantial evidence to support the decision and rely on (1) the written words in the staff findings, (2) the statements by those presenting at the hearing, and (3) the words of the Planning Commission or Council.

DISCUSSION

Existing Site

The 2.34± acre subject site (APN 018-302-05) is a hotel under construction. Parking is proposed in front of and behind the proposed hotel. Access is granted from a driveway on Lee Road. The adjoining parcels (APNs 018-302-04 and 06) are part of the Visitor Commercial (CV) Zoning District and part of a larger commercial retail development (north, east and south). To the west of the site is agricultural lands located within the County of Santa Cruz. Across Lee Road to the east is the historic Redman Hirahara House property, which is located in the County's Commercial Agriculture-Historic Landmark-Watsonville Utility Prohibition (CA-L-W) Zoning District. Across Beach Street to the north is a food processing facility operated by Del Mar Food Products Corp. See Figure 1 for current conditions and Figure 2 for the site plan for Hampton Inn and Suites.

³ *Petrovich*, supra



FIGURE 1 Aerial view of the project site and surrounding area
Source: County of Santa Cruz, 2018

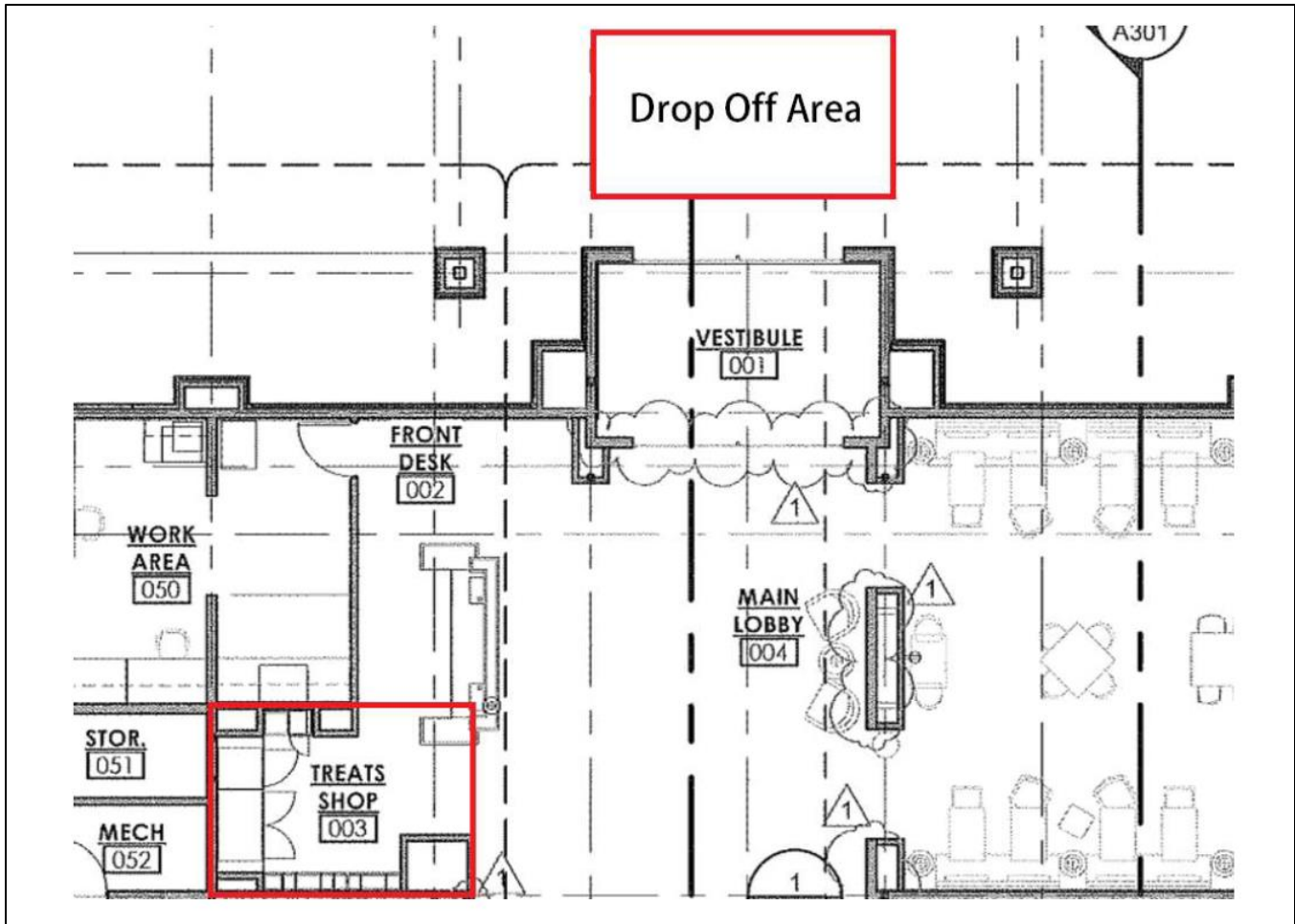


FIGURE 3. First Floor Plan with Treat Shop

Source: Plan Set, received May 5, 2020

To the left of the hotel entrance is the front desk and “Treats Shop”. The “Treats Shop” is pantry style, with a wide variety of to-go meals, snacks with alcoholic and nonalcoholic drinks available for purchase. See Figure 4 for an example layout of the “Treats Shop” and Figure 5 for the proposed alcoholic beverage location.

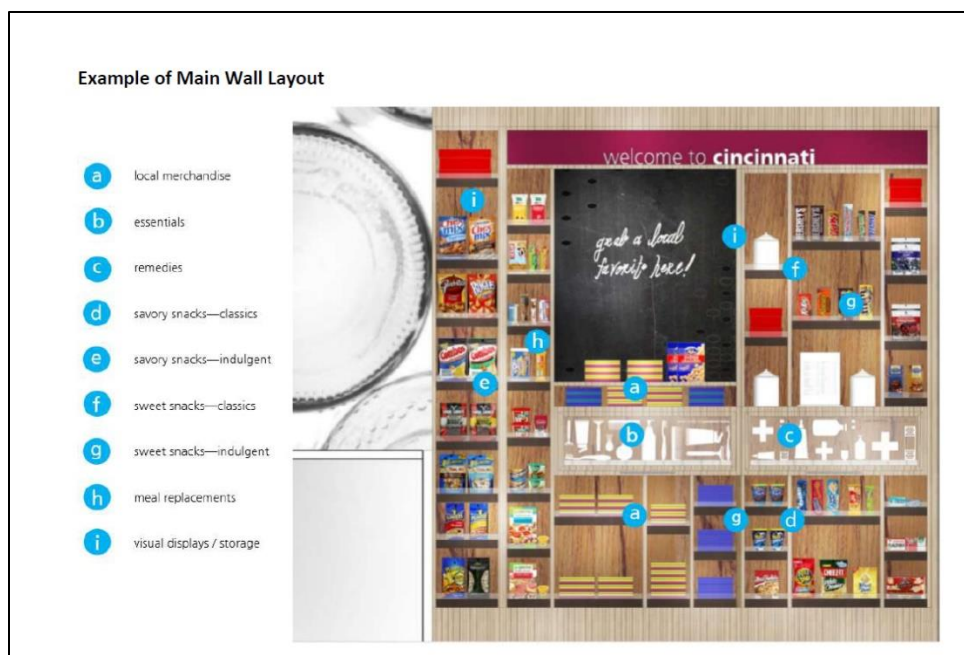


FIGURE 4. Example of “Treats Shop” Layout

Source: Alcohol Related Uses Application, received May 11, 2020

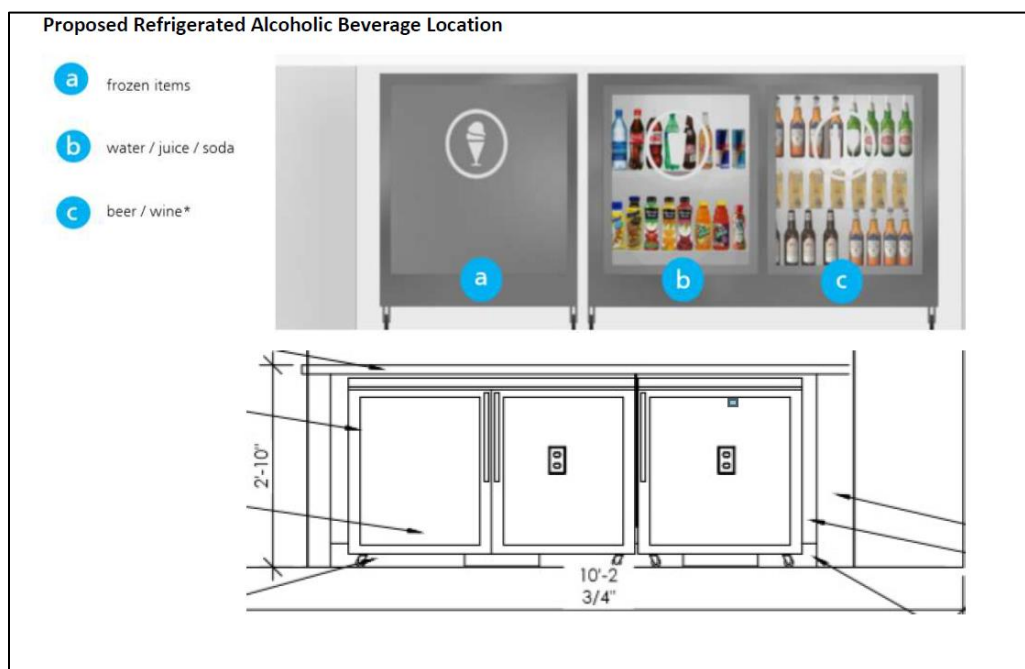


FIGURE 5. Example of Alcohol Beverage Location

Source: Alcohol Related Uses, received May 11, 2020

Alcoholic beverages will be about 10 percent of displayed inventory and will only consist of beer and wine items.

Hours of Operation

- The proposed hours of operation for the treats shop Hotel guests can buy food and beverages 24 hours a day from the Treats Shop, however, alcohol sales will be limited to 6:00 AM to 11:00 PM daily.

The hours have been reviewed by the Watsonville Police Department and were found to be acceptable.

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 are in compliance with ABC regulations.

Police Department review indicates that the location is within a high crime area. The site is not located in an over concentrated area of on-sale ABC licenses.

New facilities establishing an on-sale general restrictive license (Type 70 ABC license) are subject to the discretionary powers⁴ of the Local Governing Body. The proposed use has been conditioned with standard conditions set forth in WMC Chapter 14-25 for facilities with an on sale general restrictive services to ensure that it will be in conformity with applicable regulations and do not have any negative impacts on the neighborhood.

Type 70 ABC License

ABC issues various licenses for the sale of alcohol for different types of establishments. Authorizes the sale or furnishing of beer, wine and distilled spirits for consumption on the premises to the establishment's overnight transient occupancy guests.

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

⁴ Discretionary powers allow the exercise of judgment, deliberation or decision in approving or denying a particular activity by the decision-making authority. Non-discretionary powers merely allow the determination whether there is conformity with applicable ordinances or regulations (aka ministerial decision).

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 Hampton Inn and Suites:

The Hampton Inn and Suites Watsonville, located at 75 Lee Road, Watsonville CA is a new transient and business class hotel focused on providing rooms with a clean and modern character that will attract businesses to the area. The hotel will feature modern architecture throughout the property, new high-end Hilton technology, and various guest amenities.

Alcohol Sales Establishment

The Alcohol Sales Establishment being applied for is the pantry-style "Treats Shop". The "Treats Shop" establishment will be located inside the Hampton Inn & Suites Hotel, on the first floor, adjacent to the Main Lobby. The Treats Shop will be staffed twenty-four hours a day and will operate during the same period...Alcohol beverages will be roughly 10% of the displayed inventory and will only consist of beer and wine items. No liquor or spirits will be sold in the Treats Shop.

In the Alcohol Related Uses interview on June 5, 2020, the applicant and Staff clarified limited hours of operation for alcohol sales. Hours of alcohol sales will be from 6 AM to 11PM, while food/treat sales will be allowed 24 hours a day.

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

Hampton Inn and Suites commits to becoming a proactive and responsible neighborhood partner. To support this commitment, we have a multi-layered plan in place that will focus on identifying and de-escalating issues before they arise, including extensive associate training, and providing 24/7 facilities monitoring. To accomplish this, we will implement safety and neighborhood responsibility training for every associate. This training will include responsible alcohol sales and usage, mandatory ID checks on every sale, identifying and reporting crime, and monitoring both the hotel and surrounding premises. Our hotel will be staffed 24/7 and will always have an associate at the front desk managing the interior and exterior. Cameras will be installed and monitored at the front desk to ensure guest safety and neighborhood accountability.

In regards to safety of the hotel grounds, the indoor of the hotel will be fully illuminated. Outdoor lighting will be staggered across the parking lot and will include sidewalks, Signage will be posted throughout the hotel and includes safety signage for the pool, alcohol signage in the pantry, clearly marked exits, and possible hazards such as stairways and wet floors.

Hotel management and a houseman will be present seven days a week to ensure safety, promote a clean and litter-free environment, monitor noise and outdoor usage, and

immediately address any issues that arise. Specific consideration and vigilance to minimize and eliminate public nuisances such as public intoxication, violence, public urination, solicitation, illegal drug use, drug dealing, loitering, and graffiti will be taken. Restrooms will frequently be checked to ensure no inappropriate drug or other use. Guest alcohol sales will be restricted to adults over the age of 21 who do not appear intoxicated. ID's will be checked with every sale to strictly adhere to prohibitions of sales to minors. Violence will not be tolerated and will be swiftly dealt with by on-site housemen and the public parking lots will be walked multiple times throughout the day and night to discourage and prevent drug sales loitering, public urination, and other nuisances.

Finally, our management team will be instructed to meet with each surrounding business to provide a contact number, if any issues should arise. Additionally, the applicant provided the following information for their Safety and Security Plan:

Every hotel associate will begin their first day with an orientation that will cover procedures in the following emergency situations:

- Fire
- Weather/Storm
- Drowning
- Choking
- Serious Illness
- Bomb Threat
- Robbery
- Earthquakes
- Portable Fire Extinguisher Operation
- Location of First Aid Kits
- Blood Borne Pathogens

Additionally, the associates handling the sale of alcohol will complete LEAD training as well as ServSafe Alcohol training. This will be required and funded by the hotel prior to working their first shift. In order to maintain at least one associate certified in CPR and first aid per shift, we will bring in an approved third party instructor to conduct First Aid and CPR training as needed.

The hotel's security plan will consist of twenty nine cameras throughout the hotel that will be monitored throughout the day along with the above training provided to each associate.

Safety and security are paramount concerns for Hampton Inn and Suites. We aim to proactively identify and de-escalate before situations arise. To accomplish this. We will have a highly-trained houseman staffed seven days a week that will patrol the hotel, both inside and outside, to monitor activities, control litter and noise, and ensure safety of all hotel guests. In addition, management will be completing daily walks of both the interior and exterior of the building.

In accordance with [WMC Sections 14-25.021](#) and [14-25.022](#), all operational standards applicable to an off sale general ABC License are incorporated as Conditions of Approval. For more information on the Alcohol Related Uses Application, see Attachment 3.

Interview Scoring

The application was initially reviewed in May 2020 for completeness with City requirements. 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 (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 can receive for community benefits (50 points), labor and employment (25 points), and local enterprise/qualifications of principals (75 points). The total maximum possible score for an on-sale alcohol related use application is 1,375 points, excluding the bonus points. An applicant must receive a minimum score of 1,100 points (80%) to be approved.

On June 5, 2020 hotel manager and applicant representative Ricardo Contreras and property owner representative Juggy Tut, were interviewed by City Staff and received a score of 1,300. With bonus points including the application received a score of 1,425 out of 1,525 points. A summary related to the interview scoring follows each interview category can be found in Attachment 2.

Alcohol Related Findings

The Planning Commission shall approve or conditionally approve an alcohol related use subject to the following findings ([WMC §14-25.013](#)):

- (a) The proposed use received the minimum score necessary to issue a conditional use permit.**

The application received a passing score of 1,300, exceeding the minimum score of 1,100 points.

- (b) The proposed use will not cause adverse noise, litter, crowd control, or parking impacts.**

The subject site is a proposed hotel within the Visitor Commercial (CV) zone where adequate parking exists to the front, rear, and sides of the hotel. The applicant has indicated that signage will be posted both inside and outside the existing business, altering patrons to keep noise to a minimum while on the premises. The applicant has plans to update lighting in and around the business area and has installed new security cameras. As conditioned, the proposed use will not cause adverse noise, litter, crowd control, or parking impacts for the surrounding development.

- (c) The proposed use will not create objectionable conditions that constitute a nuisance, as defined in California Business and Professions Code Section 24200(f)(2).**

The proposed use, as conditioned with minimum operation standards for alcohol related uses pursuant to WMC Sections 14-25.021, 14-25.022, and 14-25.030, will not create objectionable conditions that constitute a nuisance, as defined in California Business and Professions Code Section 24200(f)(2).

- (d) The proposed use will maintain all levels of service, including but not limited to the provision of security, maintenance of premises, LEAD training, and professional management as identified in the original application.**

The proposed use, as conditioned with minimum operation standards for alcohol related uses, will maintain all levels of services, including but not limited to provisions of security cameras, maintenance of premises, LEAD training, and professional management as identified in the original application.

Parking

The project involves establishing a Type 70 ABC License and would not result in any change or expansion of use. Therefore, no additional parking is required for the existing convenience store.

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 existing alcohol license (ABC Type 70) under new ownership and involves no expansion of the existing use. The project will not involve any interior or exterior modifications.

CONCLUSION

The proposal to establish a Treats Shop with on-sale general sales at a proposed hotel to sell off-sale beer, wine, and distilled spirits (Type 70 ABC License) located at 75 Lee Road meets all requirements of WMC Chapter 14-25 (Alcohol Related Uses), as conditioned. Therefore, staff recommends that the Planning Commission approve the proposed Special Use Permit.

ATTACHMENTS

1. Site and Vicinity Map
2. Alcohol Related Uses – Interview Scoring Rubric (interview conducted 6/5/2020)
3. Alcohol Related Uses Application (received 5/11/2020)
4. Floor Plan (received on 5/11/2020)
5. Site Plan (received on 5/11/2020)