

Capitola Planning Commission

Agenda Report



Meeting: April 3, 2025

From: Community Development Department

Address: 231 Esplanade, suite #102

Project Description: Application #25-0138. APN: 035-211-01. Conditional Use Permit Modification to change from a beer and wine liquor license to full liquor (Type 41 to Type 47). The building is located within the MU-V (Mixed Use Village) zoning district.

This project is in the Coastal Zone but does not require a Coastal Development Permit.

Environmental Determination: Categorical Exemption

Recommended Action: Consider Application #25-0138 and approve the project based on the attached Conditions and Findings for Approval.

Property Owner: La Serena Properties

Representative: Kat Cannon, Filed: 3/10/25

Background: City records for 231 Esplanade show Conditional Use Permits (CUP) dating back into the 1990's that allow alcohol sales associated with different restaurants over the years. Records also show that some restaurants have served full liquor while others have operated with a beer and wine license. In July 2024, Pete's Restaurant opened at 231 Esplanade. The restaurant applied for a Conditional Use Permit modification to change from a beer and wine license (Type 41) to full liquor license (Type 47). In the Mixed-Use Village zoning district, the sale of alcoholic beverages for on-site consumption at a restaurant requires a conditional use permit (CUP). Existing approvals are exclusively for beer and wine, so the addition of full alcohol sales requires an amendment to the CUP.

Discussion: 231 Esplanade is a mixed-use property with three restaurants and three living units. Pete's Restaurant is a sit-down establishment with a seafood focused menu, occupying approximately 2,800 square feet that includes two outdoor seating areas. The restaurant is in the heart of the Capitola Village and is surrounded by a variety of commercial and residential uses.

Conditional Use Permit: Pursuant to 17.124.060, when evaluating a CUP, the Planning Commission must consider the following characteristics of the proposed use:

- A. Operating characteristics (hours of operation, traffic generation, lighting, noise, odor, dust, and other external impacts).
- B. Availability of adequate public services and infrastructure.
- C. Potential impacts to the natural environment.
- D. Physical suitability of the subject site for the proposed use in terms of design, location, operating characteristics, shape, size, topography.

And, pursuant to 17.124.070, the Planning Commission must make the following findings when approving a CUP:

- A. The proposed use is allowed in the applicable zoning district.
- B. The proposed use is consistent with the general plan, local coastal program, zoning code, and any applicable specific plan or area plan adopted by the city council.
- C. The location, size, design, and operating characteristics of the proposed use will be compatible with the existing and planned land uses in the vicinity of the property.

- D. The proposed use will not be detrimental to the public health, safety, and welfare.
- E. The proposed use is properly located within the city and adequately served by existing or planned services and infrastructure.

In issuing a conditional use permit, the Commission may attach conditions to achieve consistency with the general plan, zoning code, and any applicable specific plan or area plan adopted by the City Council.

The restaurant currently has a Type 41 license for “On Sale Beer and Wine – Eating Place”. The applicant is seeking an “On Sale General – Eating Place” Type 47 license. Type 47 licenses also allow the sale of distilled spirits for on-site consumption. Both license types allow the sale of beer and wine for on- or off-site consumption (retail), provided the establishment produces and makes substantial sales from the on-site consumption of meals. The applicant is not proposing to expand the size of the restaurant, but to include bar service for tabled patrons. Proposed service hours are between noon to 8:30 pm.

The Chief of Police has reviewed the application and made findings to support the approval of the CUP for a Type 47 license at the restaurant. In the review, the Chief did not recommend any additional restrictions or conditions. Staff prepared new conditions which replace the 1998 approval to reflect more recent CUP approvals for alcohol (see below). The conditions address issues associated with restaurants serving alcohol including trash, lighting, litter, graffiti, and outdoor storage.

Parking: The modified alcohol approval is not considered an intensification of use and does not require changes to parking.

CEQA: Section 15301 of the CEQA Guidelines exempts minor alterations to existing facilities, such as licensing, provided the project involves negligible or no expansion of use. The proposed project involves amending a conditional use permit within an existing commercial space to include the sale of distilled spirits. No adverse environmental impacts were discovered during project review by either Planning Department Staff or the Planning Commission.

Conditional Use Permit Findings:

A. The proposed use is allowed in the applicable zoning district.

Community Development Staff and the Planning Commission have reviewed the project. The general sale of alcohol for on-site consumption is categorized as a conditional use within the MU-V (Mixed-Use Village) zoning district.

B. The proposed use is consistent with the general plan, local coastal program, zoning code, and any applicable specific plan or area plan adopted by the city council.

Community Development Staff and the Planning Commission have reviewed the proposed sale of beer, wine, and distilled spirits at an existing restaurant and determined it complies with applicable standards and meets the intent and purpose of the MU-V zoning district.

C. The location, size, design, and operating characteristics of the proposed use will be compatible with the existing and planned land uses in the vicinity of the property.

Community Development Staff and the Planning Commission have reviewed the proposed use and determined it is consistent with the underlying restaurant use and with existing and planned uses in the vicinity.

D. The proposed use will not be detrimental to the public health, safety, and welfare.

Community Development Staff, and the Planning Commission have reviewed the proposed Conditional Use Permit and determined it will not be detrimental to the public health, safety, or welfare.

E. The proposed use is properly located within the city and adequately served by existing or planned services and infrastructure

The proposed alcohol use is part of a longstanding restaurant use, which is located within the heavily developed Capitola Village within the city and is adequately served by existing services and infrastructure.

F. The proposed project has been reviewed in compliance with the California Environmental Quality Act (CEQA).

Section 15301 of the CEQA Guidelines exempts minor alterations to existing facilities, such as licensing, provided the project involves negligible or no expansion of use. The proposed project involves amending a conditional use permit within an existing commercial space to include the sale of distilled spirits. No adverse environmental impacts were discovered during project review by either Planning Department Staff or the Planning Commission.

Conditions of Approval:

1. The project approval amends the existing Conditional Use Permit for a restaurant with on-site consumption of beer and wine in addition to beer and wine at 231 Esplanade, suite #102. The proposed amendment is approved as outlined in the analysis of the staff report reviewed and approved by the Planning Commission on April 3, 2025, except as modified through conditions imposed by the Planning Commission during the hearing.
2. The applicant shall maintain an active business license with the City of Capitola. The applicant shall maintain an active license through the California Department of Alcoholic Beverage Control (ABC) so long as alcohol is sold.
3. Prior to sale of distilled spirits, all Planning fees associated with permit #25-0138 shall be paid in full.
4. Upon evidence of non-compliance with conditions of approval or applicable municipal code provisions, the applicant shall remedy the non-compliance to the satisfaction of the Community Development Director or shall file an application for a permit amendment for Planning Commission consideration. Failure to remedy a non-compliance in a timely manner may result in permit revocation.
5. This permit shall expire 24 months from the date of issuance. The applicant shall have an approved liquor license from ABC and begin serving before this date to prevent permit expiration. Applications for extension may be submitted by the applicant prior to expiration pursuant to Capitola Municipal Code Chapter 17.156.
6. The planning and infrastructure review and approval are transferable with the title to the underlying property so that an approved permit may be conveyed or assigned by the applicant to others without losing the approval. The permit cannot be transferred off the site on which the approval was granted.
7. Garbage and recycling containers shall be placed out of public view on non-collection days.
8. Outdoor lighting shall comply with all relevant standards pursuant to Municipal Code Section 17.96.110, including that all outdoor lighting shall be shielded and directed downward such that the lighting is not directly visible from the public right-of-way or adjoining properties.
9. The applicant is responsible for maintaining the area directly in front of the business free from litter and/or graffiti.

10. Food and beverage equipment and supplies (including kegs) shall be stored inside the building. Exterior storage is prohibited.

Attachments:

1. Floor Plan
2. Business Letter

Report Prepared By: Brian Froelich, Senior Planner

Reviewed By: Rosie Wyatt, Deputy City Clerk

Approved By: Katie Herlihy, Community Development Director