

City of Capitola

Planning Commission Meeting Minutes

Thursday, April 03, 2025 – 6:00 PM



City Council Chambers
420 Capitola Avenue, Capitola, CA 95010

Chairperson: Paul Estey

Commissioners: Courtney Christiansen, Matthew Howard, Nathan Kieu, Susan Westman

1. **Roll Call and Pledge of Allegiance** - *The meeting was called to order at 6:00 PM. In attendance: Commissioners Howard, Kieu, Westman, Christiansen, and Chair Estey.*

2. **Additions and Deletions to the Agenda** – *None*

3. **Oral Communications**

- *Speaker*

4. **Planning Commission/Staff Comments**

Director Herlihy announced that there will be a Special City Council meeting on April 17th, 2025, at 6:00 PM to discuss the Park Avenue realignment.

5. **Consent Calendar**

A. **Approval of January 22, 2025 Planning Commission Minutes**

B. **Approval March 3, 2025 Planning Commission Minutes**

Motion to approve items 5A and 5B: Vice Chair Christiansen

Second: Commissioner Kieu

Voting Yea: 5-0

6. **Public Hearings**

A. **115 San Jose Avenue**

Project Description: Permit #25-0139. APN# 035-221-18 &19. Proposed amendments to the Master Conditional Use Permit for the mixed-use Capitola Mercantile to modify the outdoor seating plan and remove a condition prohibiting live entertainment. The site is in 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

Property Owner: Capitola Associates, LLC

Representative: Dennis Norton, filed: 03.11.2025

Recommended Action: Consider Permit #25-0139 and approve the amendments to the Master Conditional Use Permit with the modified conditions of approval.

Senior Planner Froelich presented the staff report.

The Commission discussed the conditions imposed with Permit #25-0139.

Public Comments:

- *Dennis Norton*

Motion to approve Permit #25-0139 with the amendments to the Master Conditional Use Permit with modified conditions of approval: Commissioner Westman
Second: Commissioner Howard
Voting Yea: 5-0

Master Conditional Use Permit Findings:

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

The MU-V zone allows the uses operating on the subject property.

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.

The proposed changes to operational conditions do not significantly alter the use of the site in a way that would create conflict with adopted local laws or policies.

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.

The shared use area is conditioned to require closure by 10 pm which is compatible with the existing mixed-use land uses in the vicinity. Conditions of approval regarding hours of operation are included in the permit to minimize possible noise impacts on neighbors. The applicant has performed outreach to neighboring property owners and has received support of the proposal. Additionally, live entertainment is subject to an annual review and reissuance of an Entertainment Permit by the Police Department, which provides another opportunity to minimize impacts in an ongoing basis.

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

The proposal to amend conditions does not introduce any new customer area that has not been similarly used by past tenants and the potential impacts to public health, safety, and welfare to adjacent residents and businesses are mitigated by the conditions of approval.

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

The proposed use is conditionally permitted in the MU-V zone. Potential impacts to nearby residents and businesses have been considered and conditions of approval have been added to mitigate potential impacts. The site is adequately served by existing services and infrastructure.

Sections of the Master Use Permit were amended and are shown with strikethrough and underline as follows:

‘Shared Premises’ Areas for Alcohol

The Master Conditional Use Permit includes ‘shared premises’ areas for some businesses that sell beer and wine, which allows them to utilize the interior and exterior quasi-public seating areas as a ‘shared premises’ for consumption of beer and wine. The California Department of Alcoholic Beverage Control (ABC) established conditions for ABC permit applicants at this location (see below), as well as the extent of the ‘shared premises’ areas where consumption of alcohol will be allowed. These ‘shared premises’ areas include:

1. The quasi-public seating areas in the lobby in the center of the building (shared premises area “A”);
2. A proposed outdoor patio adjacent to the northwest entrance to the building (shared premises area “B”); and
3. A small proposed outdoor patio adjacent to the southwest entrance to the building (shared premises area “C”).

The ‘shared premises’ areas are identified on the approved site plan. Businesses wishing to utilize the ‘shared premises’ shall apply for a Type 41 – On Sale Beer & Wine – Eating Place (or a beer or wine manufacturer) license with specific conditions related to the shared premises. The conditions include:

1. Alcoholic beverages shall be sold and served in containers that are distinctive in design or color and are easily distinguishable from containers used in the service of non- alcoholic beverages;
2. Petitioner(s) will only serve their alcohol beverages in containers which shall significantly differ in appearance from those containers utilized by any other licensees located in the Capitola Mercantile. Customers that purchase cans or bottles for onsite consumption shall be provided with distinctive containers;
3. A sign shall be posted in a conspicuous space at the entrance/exit point of said patio/terrace/other area, which shall state, “NO ALCOHOLIC BEVERAGES BEYOND THIS POINT”. Said sign shall measure no less than seven inches by eleven inches (7” x 11”) and contain lettering no less than one (1) inch height;
4. No alcoholic beverages shall be consumed on any property adjacent to the licensed premises under the control of the licensee(s) as depicted on the most recently certified ABC-257 and ABC-253;
5. Any violations of the law occurring on the licensed premises as depicted on the most recently certified ABC-257, constituting grounds for suspension or revocation of a license shall be deemed to be the act and responsibility of all licensees therein licensed within the premises;
6. Petitioner(s) shall actively monitor the area under their control in an effort to prevent the loitering of persons on any property adjacent to the licensed premises as depicted on the most recently certified ABC-253;
7. Sales, service and consumption of alcoholic beverages shall be permitted in or on the patio area only between the hours of 8am to 10pm each day of the week;
8. ~~Entertainment~~ Ambient music provided shall not be audible beyond the area under the control of the licensee(s) as depicted on the most recently certified ABC-257; and Once licensed, all licensees are responsible for the shared premises, including any violations of the law occurring on the licensed premises.

Conditions of Master Use Permit

1. Prior to the leasing of any space upon the subject property, the holder of the master use permit must inform all prospective tenants, or tenants renewing or extending leases, of the conditions of the master use permit and of the requirements of Capitola Municipal Code (CMC) §17.124.100.
2. Tenant use permits are approved administratively by the community development director. Prior to leasing a space, the prospective business owner must apply for a tenant use permit from the City of Capitola. Tenant use permits shall be approved by the community development director upon inspection of the property, and verification that it and its landscaping are in good repair, and that all other conditions of the master use permit are being met.

2. A tenant use permit may be revoked in the manner provided in CMC §17.156.110 if the tenant is the cause of violation of a condition of the master use permit.
4. No tenant use permits may be issued for any activity-use that will occupy over twelve thousand square feet of building area.
5. Not more than 50% of the combined leasable commercial floor area of the Capitola Mercantile (3,894 square feet) may be utilized for business establishments that sell or dispense alcoholic beverages, not including 'shared premises' areas.
6. The garbage area shall be maintained to prevent odors and provide screening from the street and screening from adjacent neighbors.
7. Outdoor lighting that is not required for safety/egress on the building shall be turned off within half an hour of the closing time of the business.
8. Food and beverage equipment and supplies (including kegs) shall be stored inside the building. Exterior storage is prohibited.
9. New food and beverage tenants shall obtain all required approvals and final inspections from the Santa Cruz County Department of Environmental Health, prior to opening.
10. An onsite restroom shall be available to customers at all times during business hours.
11. Patio B, as noted on the Shared Premises Plan, shall be limited to ~~four tables and 16~~ a maximum of 26 seats ~~chairs~~. The patio furniture shall have high-quality, durable materials that can withstand inclement weather. If signs of weathering (fading, rust, holes, etc.) are visible, the item(s) shall be replaced in-kind immediately. Overtime, if the applicant would like to modify the patio furniture, they must first receive written approval from the Community Development Director or Planning Commission.
12. ~~Amplified sounds associated with live performances is prohibited on the premises. The applicant shall obtain and maintain an Entertainment Permit pursuant to Chapter 5.24 issued by the Police Department for all live entertainment at the property. Live entertainment is prohibited between the hours of 7pm – 11am.~~
13. Outdoor string lighting shall be consistent with the standards established for Prototype Street Dining Decks

B. 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

Property Owner: La Serena Properties

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

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

Senior Planner Froelich presented the staff report.

Public Comments:

- **Kat Cannon**

Motion to approve Application #25-0138 based on the Conditions and Findings for approval: Vice Chair Christiansen

Second: Commissioner Howard

Voting Yea: 5-0

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.

C. Housing Element Annual Progress Report

Project Description: Housing Element Annual Progress Report

Recommended Action: Accept staff presentation.

Director Herlihy presented the staff report.

Public Comment: None

7. Director's Report

Director Herlihy recognized and congratulated Commissioner Westman for receiving the Lifetime Achievement Award from the Soquel Capitola Chamber of Commerce; reminded Commissioners that there is a Special City Council meeting on April 17th regarding the Park Avenue realignment; and informed Commissioners that tree work will begin the week of April 7th at Rispin Mansion Park.

8. Adjournment – *The meeting adjourned at 6:36 PM. The next regularly scheduled meeting of the Planning Commission is on May 1, 2025, at 6:00 PM.*