



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/03/2026

ITEM NO: 15

DATE: February 3, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Introduce an Ordinance of the Town Council Amending the Town's Special Events Regulations in Chapter 14 to Establish an Entertainment Zone, Pursuant to State Law, Allowing Outdoor Consumption of Alcoholic Beverages During Permitted Events**
Ordinance Title: An Ordinance of the Town Council of The Town of Los Gatos Amending Article X, "Special Events," of Chapter 14, "Licenses and Miscellaneous Business Regulations," of the Town Of Los Gatos Town Code to Establish an Entertainment Zone Pursuant to SB 969

RECOMMENDATION: Introduce an Ordinance of the Town of Los Gatos amending Article X, "Special Events," of Chapter 14, "Licenses and Miscellaneous Business Regulations," of the Town of Los Gatos Town Code to Establish an Entertainment Zone Pursuant to SB 969.

FISCAL IMPACT:

Introducing an Entertainment Zone Ordinance does not create a direct fiscal impact to the Town. However, it will increase the workload on Town staff to review and process the Special Event Permits. Per the State of California Department of Alcoholic Beverage Control (ABC), the Town may not charge a fee for businesses to activate the Entertainment Zone without other event components. However, should the applicant wish to include additional elements to the activation event that would otherwise require a Special Events Permit with associated fees, noted in the Town's Fee Schedule, the applicant will be required to pay the associate Town fees.

PREPARED BY: Monica Renn
Economic Vitality Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

SUBJECT: Adopt an Ordinance Amending Article X – Special Events to establish an Entertainment Zone

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STRATEGIC PRIORITY:

This item supports the Core Goal of Community Character by fostering Economic Vitality and supporting local businesses.

BACKGROUND:

Effective January 1, 2025, Senate Bill (SB) 969 was signed into law by the California State Legislature authorizing local jurisdictions to establish designated “Entertainment Zones” that allow greater flexibility for outdoor alcohol consumption. Staff is proposing introduction of an ordinance that would establish an Entertainment Zone and provide that Entertainment Zone events will be authorized by a special event permit approved by the Town. The law aims to revitalize downtown areas and support small businesses by allowing established businesses within the zones to benefit from additional visitor exposure and event-based sales.

SB 969 amended and added sections of the existing California Business and Professions Code to include provisions for businesses to participate in Entertainment Zones, including amending Sections 23039.5; 23357; 23358; 23396; 25690; and adding Sections 25691 and 25692, which have been reflected in requirements by the ABC and the proposed Town ordinance (Attachment 1).

Within these Entertainment Zones, licensed bars, breweries, wineries, and restaurants may sell beverages to-go for consumption within clearly marked, actively managed event areas, using only non-metal and non-glass approved containers, and with clear designation that participating individuals are 21. During such an activation, no temporary alcohol sales permits, in booths, tents, etc., may be approved within the activated Entertainment Zone boundaries. Businesses within an activated Entertainment Zone must observe all ABC regulations specific to their approved ABC license, with the exception that participating licensed businesses are permitted to allow beverages purchased within their licensed premise to leave the location and enter directly into a public space that is within the activated Entertainment Zone. Thus, multiple businesses, or one umbrella organization, could coordinate a single special event that allows for open containers on the sidewalks, or other public rights-of-way within the approved areas of the activated Entertainment Zone, with approval from the Town.

Following the adoption of an ordinance, licensees wishing to participate in an approved Entertainment Zone activation must annually receive approval by the ABC and provide proof of such approval to the Town.

In late summer 2025, the Los Gatos Chamber of Commerce approached Town staff and requested that staff bring consideration forward to the Town Council for the implementation of

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an Entertainment Zone in Downtown to provide more and different opportunities for restaurants to become involved in special events. Staff began researching Entertainment Zones, including conducting multiple one on one meetings with ABC representatives, participating in a regional meeting with several bay area cities lead by ABC representatives and the City of San Jose staff, as San Jose recently adopted an Entertainment Zone Ordinance, and conducted business outreach within the Town of Los Gatos to provide a platform for information and feedback with the downtown business community. Through research and meetings, Town staff identified how the regulations set forth by SB 969 could be applied in Los Gatos by amending the existing Town Code special events ordinance, which is codified in Article X of Chapter 14.

DISCUSSION:

The proposed ordinance amends Article X of Chapter 14 of the Town Code and builds upon the Town's existing special event permit process by providing the opportunity for businesses to collaborate to activate all, or a portion of the Entertainment Zone to provide special shopping events, dining experiences, or other festive gatherings that focus on the businesses of downtown, rather than satellite beverage tents. The proposed ordinance enhances flexibility for event producers and local businesses by enabling more dynamic use of public spaces, allowing patrons to responsibly enjoy alcoholic beverages from multiple participating businesses within a shared and managed common area, and enriches the cultural and social vibrancy of a thriving downtown.

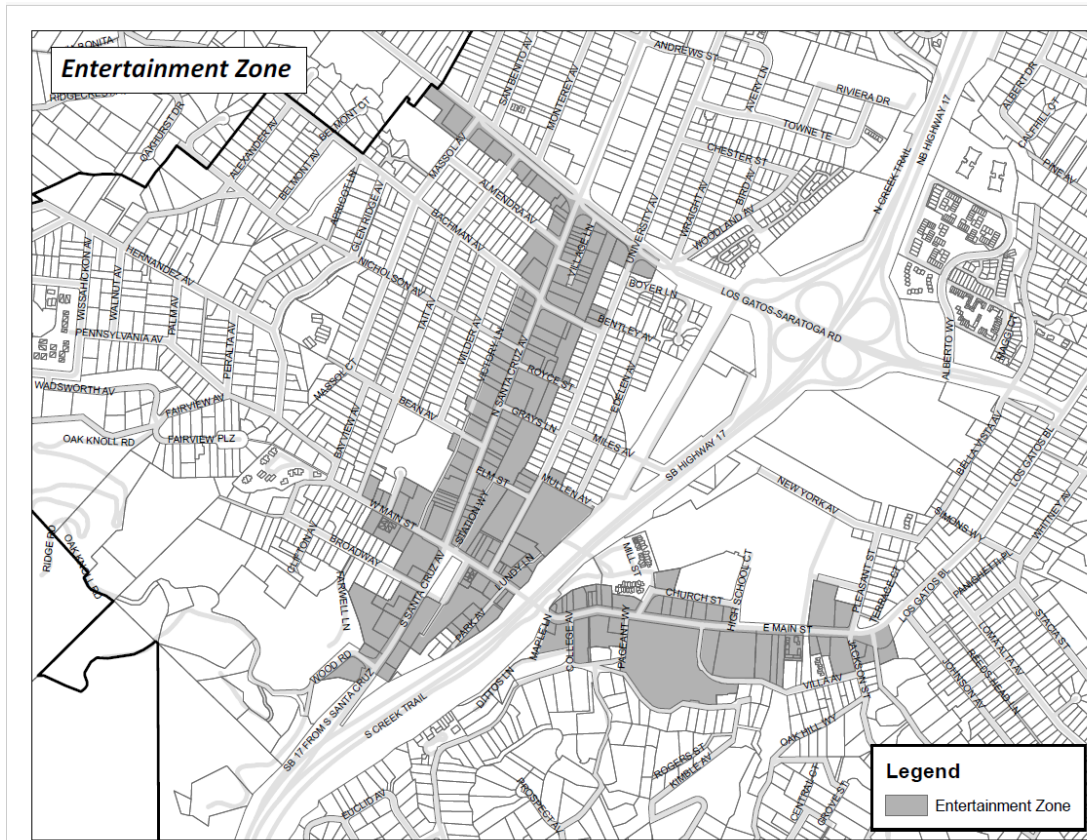
SB 969 requires the local jurisdictions to adhere to specific requirements in establishing Entertainment Zones. Noted below are the requirements of SB 969 along with additional information on how each will specifically be implemented within the Town of Los Gatos. Staff is proposing that the Town Council adopt the ordinance as the legal framework for the establishment of the Entertainment Zone, and for staff, in on-going consultation with the Chief of Police and approval by the Town Manager, to provide policy level direction and specific conditions of approval for each application. This gives staff the flexibility to be nimble and create structured boundaries specific to each activation application with the goal of providing conditions that promote a vibrant, safe, and responsible environment for all stakeholders. SB 969 requires local jurisdictions to:

Enact a Local Ordinance that establishes the Entertainment Zone including maximum defined geological boundaries, days, and hours of activation:

Define maximum geological boundaries of the Zone – Staff is proposing that the maximum boundaries be defined as the Central Business District in Downtown Los Gatos, which includes the C-2 Commercial Zone, and the portion of the C-1 Commercial Zone that is located on E. Main Street, between the Civic Center and Alpine Way, as shown below:

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While these are the maximum boundaries that could be activated, ABC permits partial activation of a zone, if clearly noted in the application and conditions of approval. For example, Village Lane businesses could coordinate an evening of shopping where those businesses with direct entry into the area would be included in the activation to highlight the businesses and experiences offered in this portion of downtown. All businesses located within any activation area, given they have obtained approval from the ABC, may participate in an activation, should they choose; however, they are not required to participate.

Days and Hours of Operation – The proposed ordinance allows for activation seven days a week, between the hours of 8:00 a.m. and 10:00 p.m., although licensed premises must also adhere to the specific regulations within their ABC license. Staff is recommending 10:00 p.m. as the latest time of activation as it aligns with the Town’s Late-Night Entertainment Policy for outdoor entertainment. Similar to the boundaries, an activation may be for only part of the maximum hours, for example 3:00 – 9:00 p.m.

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Specify types of alcoholic beverages, approved containers of off-Site consumption, and readily identified age verification:

Approved Alcoholic Beverages - The ordinance proposes that establishments may sell any beverage that is within the purview of their specific ABC License, for example, a Type 41 allows only the sale of beer and wine, thus if this is the license a business holds, it may only sell beer and wine during the activation, versus a Type 47 which allows for the sale of beer, wine and spirits.

Approved Non-Glass and Non-Metal Containers – SB 969 and the ABC require that the cup used during Entertainment Zone activations be non-metal and non-glass. Staff proposes requiring a clear plastic cup that is no more than 12 ounces as a guideline; however, recommends the specifics of this guideline remain at a policy level to allow for appropriate conditions of approval to be implemented for each activation. Through benchmarking, staff learned some cities are experimenting with a sticker on the cup, which does not always stay in place, or branded cups, which may be costly for businesses to preorder. Due to variability in events and conditions, staff does not recommend that one cup be specified in the ordinance, other than being non-metal or non-glass, and be further defined through the permit process to ensure consistency between the businesses, ease of identification for event staff, and that there is a maximum amount of beverage ounces set that is appropriate for the event.

Readily Identified Age Verification – Through policy and conditions of approval for individual permits, staff will require wristbands to be provided at the initial point of sale upon age verification by the licensed premise; age rechecked at any time by law enforcement, event staff, or licensed premises staff for patrons exhibiting a wristband; and, remain on all patrons consuming alcohol in the approved Entertainment Zone during the activation. The color and design of the wristband will be required to be submitted and approved through the permit process and be consistent between all participating licensed premises within the Entertainment Zone.

Have Brick-and-Mortar Exclusivity

Approved Licensees within the Boundaries are the Only Participants – SB 969 is designed to allow patrons to carry drinks purchased from local brick-and-mortar businesses within the zone out into public areas to enjoy. This generally ensures these businesses are the primary beneficiaries rather than third-party festival vendors located in pop-up tents, beer gardens, or similar temporary service areas within the streets, sidewalks, etc. Thus, with the activation of

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the Entertainment Zone, no other alcoholic beverages may be brought into the zone from an outside residence, business, or delivery service.

Consult with Local Law Enforcement:

Before enacting the ordinance, jurisdictions are required to notify local law enforcement to request feedback on potential health and safety impacts and mitigation strategies. Staff has been collaborating with the LGMS Police Department on the establishment of this ordinance; and, collaborates with Police Department on a consistent basis for the review and approval process of all special event permits. This partnership will continue with special event permits related to the activation of Entertainment Zones. At the direction of the Police Chief, certain Entertainment Zone activations may be required to provide police presence similar to requirements of current special events in Los Gatos. Should this be the case, event organizers would be assessed the associated fee for the Police staff to be onsite for the event. An alternative may be that event organizers are required to implement a security team, or team of event volunteers to assist with patron compliance. These specifics will be identified and provided to applicants within the timeline outline in the Town Code for special event permit response.

Notify the Department of ABC:

Upon establishing or modifying an Entertainment Zone, the Town must:

- Provide the ABC with a copy of the ordinance, including zone boundaries, hours of operation, and beverage/container rules.
- No less than every other year, review the Town's policies and operations in consultation with local law enforcement to ensure public health and safety standards are maintained, and provide confirmation to the ABC.

Beyond the regulations set forth by SB 969, which includes following the California Business and Professions Code and direction of the ABC, staff will prepare a package of notification and signage requirements that Entertainment Zone organizers must print and post at each participating licensed premise, both at the point of sale, and on the door of the establishment notifying the public of the provisions of the activation. Organizers will also be required to have clearly marked signage at the boundaries of the Entertainment Zone stating the rules of participation.

Staff anticipates that the implementation of an Entertainment Zone will offer new and creative ways for businesses to host events that strengthen the vibrancy of downtown and highlight the shopping and dining experience of patrons, while providing enhancement for some existing events. It will likely take a fair amount of staff time initially to review and process permits and

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provide guidance to the businesses. At this point, ABC has provided direction to staff that businesses cannot be charged a fee for Entertainment Zone activation participation, thus the permit for Entertainment Zone activation alone will be without charge. Should the activation of the zone be part of a larger event that includes components that typically require a Town special event permit, the applicant will be charged the special event application fee and associated event fees that align with the elements outside of the activation.

CONCLUSION:

Staff recommends that the Town Council adopts an Ordinance of the Town of Los Gatos amending Article X. – Special Events, Chapter 14.100, of the Town of Los Gatos Town Code related to the establishment and regulation of an Entertainment Zone pursuant to Senate Bill 969 to allow for the sale of certain alcoholic beverages by licensed establishments for consumption outside in designated public streets, sidewalks, or public right-of-way subject to a special event permit.

COORDINATION:

This report and ordinance were drafted in coordination with Economic Vitality Staff, the Town Attorney's and Town Manager's Office, the Community Development Department, and the Los Gatos-Monte Sereno Police Department.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Draft Ordinance
2. Redline Special Events Code