



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: SEE BELOW

DATE: February 14, 2020

**SUBJECT: PP19-084: ADMINISTRATIVE PERMIT FOR ALCOHOL
MANUFACTURERS AND AMENDMENT FOR PARKING REQUIREMENT
FOR MEDICAL OR DENTAL CLINIC IN DOWNTOWN.**

RECOMMENDATION

The Planning Commission voted 5-0-2 (Allen and Oliverio absent) to recommend that the City Council:

1. Consider the Determination of Consistency with the Envision San José 2040 General Plan Final Program Environmental Impact Report (FEIR), for which findings were adopted by City Council through Resolution No. 76041 on November 1, 2011, and Supplemental EIR Resolution No. 77617, adopted by City Council on December 15, 2015, and Addenda thereto. Pursuant to Section 15168 of the CEQA Guidelines, the City of San José has determined that this activity is within the scope of the earlier approved programs and the Final Program EIRs adequately describe the activity for purposes of CEQA. The project does not involve new significant effects beyond those analyzed in the Final Program EIRs.
2. Approve an ordinance to:
 - a. Amend Table 20-90, Table 20-110, and Table 20-140, to change the permit requirements for *Drinking establishment, in conjunction with a winery, brewery, or distillery and Alcohol, off-sale, as incidental to a winery, brewery, or distillery* from Special Use Permit to Administrative Permit.
 - b. Amend the *Commercial Support* section to clarify that retail sales incidental to a winery, brewery, or distillery are regulated by Part 5.75 of Chapter 20.80.
 - c. Amend Section 20.80.900 to clarify the regulations for *Off-sale of Alcoholic Beverages* in conjunction with a winery, brewery, or distillery.
 - d. Add a section to regulate *Taproom or tasting room with off-sale of alcohol* in Commercial, Industrial, and Downtown districts.
 - e. Amend Table 20-190 of Chapter 20.90 to add a parking requirement for *Taproom or tasting room with off-sale of alcohol*.
 - f. Amend Table 20-140 and 20-90 to add *Taproom or tasting room with off-sale of alcohol*.
 - g. Add the definition for *Taproom or tasting room* in Section 20.200.1273 of Chapter 20.200.
 - h. Amend Table 20-140 for the use *Medical or Dental Clinic/Out-patient Facility* from 1.5 space per doctor to no parking requirement.

OUTCOME

Approval of this ordinance will:

- Allow a *Taproom or tasting room with off-sale of alcohol* to operate in the Downtown Primary Commercial (DC), Commercial Pedestrian (CP), Commercial Neighborhood (CN), and Commercial General (CG) Zoning Districts through an Administrative Permit.
- Allow the addition of retail sales, including: taprooms, tasting rooms, and off-sale of alcohol, in conjunction with an alcohol manufacturing site (winery, brewery, or distillery) in Downtown (DC), Commercial (CP, CN, CG), and all Industrial Zoning Districts through an Administrative Permit.
- Create a parking requirement ratio for *Taproom or tasting room with off-sale of alcohol*.
- Clarify the difference between a *Drinking establishment* and a *Taproom or tasting room*.
- Change the parking requirement for *Medical or Dental Clinic/Out-patient Facility* to require no parking.

If the ordinance is not approved:

- Alcohol manufacturers will be required to go through the Special Use Permit process if they are interested in adding retail sales to their manufacturing sites, including: taprooms, tasting rooms, and off-sale of alcohol.
- A standalone *Taproom or tasting room with off-sale of alcohol* would not be added to the use tables for the Downtown or Commercial Zoning Districts and would not be allowed as a standalone use.
- The parking requirement for *Medical or dental clinic/out-patient facility* would remain unchanged and no parking ratio would be created for *Taproom or tasting room* use.

BACKGROUND

On February 12, 2020, the Planning Commission held a public hearing to consider the proposed ordinance amendments. No members of the public spoke on the item.

Commissioner Griswold asked staff to clarify the parking requirement for a taproom or tasting room in Downtown. Staff responded that there would be no parking requirements for these uses.

Commissioner Bonilla made a motion to recommend that the City Council approve the Ordinance amendments; Commission Yesney seconded the motion. The motion passed 5-0-2, Commissioners Allen and Oliverio absent.

ANALYSIS

A complete analysis of the proposed ordinance change is contained in the attached Planning Commission Staff Report.

CONCLUSION

This ordinance change will create a streamlined process for approving and evaluating taprooms and tasting rooms in San Jose. As part of the ordinance change the newly defined, *Taproom or tasting room* use, will be able to operate in the Downtown Primary Commercial (DC), Commercial Pedestrian (CP), Commercial Neighborhood (CN), and Commercial General (CG) Zoning Districts through an Administrative Permit. In addition, retail sales including: taprooms, tasting rooms, and off-sale of alcohol, will be able to operate in conjunction with an alcohol manufacturing site (winery, brewery, or distillery) in Downtown (DC), Commercial (CP, CN, CG), and all Industrial Zoning Districts through an Administrative Permit. A new parking requirement for the standalone *Taproom or tasting room* use, will also be added to the Parking and Loading Chapter of the zoning code. This ordinance change will also update the parking requirement for *Medical or dental clinic/out-patient facility* to require no parking.

EVALUATION AND FOLLOW-UP

If the proposed Municipal Code amendments are approved by City Council, the new ordinance will be effective 30 days after the second reading.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

Staff followed Council Policy 6-30: Public Outreach Policy, in that notices for the public hearings were posted on the City's website and published in the San José Post-Record and emailed to a list of interested groups and individuals. This staff report, and attachments were posted on the City's website. Staff has been available to respond to questions from the public.

On October 30, 2019, staff from the Planning Division and the Office of Economic Development conducted a stakeholder meeting with various alcohol manufacturers who are currently or potentially looking to locate their businesses in San José. Approximately 15 people were in attendance to discuss potential changes to the permitting process. The feedback was positive, and participants were supportive of the direction that staff was proposing for streamlining the permit process.

On January 13, 2020, staff held a separate community meeting to gather public input on the proposed Zoning Code changes. Seven members of the public attended, and the feedback was generally supportive.

COORDINATION

The preparation of the proposed ordinance and this staff report were coordinated with the City Attorney's Office and the Office of Economic Development.

The draft ordinance was reviewed by the Santa Clara County Airport Land Use Commission (ALUC) on January 22, 2020. ALUC staff found the ordinance to not have any aviation impacts and was therefore deemed to be consistent with the San José International Airport and the Reid Hillview Airport Comprehensive Land Use Plans.

CEQA

Determination of Consistency with the Envision San José 2040 General Plan Final Program Environmental Impact Report (FEIR), for which findings were adopted by City Council through Resolution No. 76041 on November 1, 2011, and Supplemental EIR Resolution No. 77617, adopted by City Council on December 15, 2015, and Addenda thereto. Pursuant to Section 15168 of the CEQA Guidelines, the City of San José has determined that this activity is within the scope of the earlier approved programs and the Final Program EIRs adequately describe the activity for purposes of CEQA. The project does not involve new significant effects beyond those analyzed in the Final Program EIRs.

/s/
ROSALYNN HUGHEY, Secretary
Planning Commission

For questions, please contact Michael Brilliot, Deputy Director, at (408) 535-7831.

Attachment: [Planning Commission Staff Report](#)