



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Christopher Burton

**SUBJECT:** See Below

**DATE:** April 1, 2026

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**COUNCIL DISTRICT: 1**

**SUBJECT: CP25-017 & ER25-158 - Conditional Use Permit and Determination of Public Convenience or Necessity for Certain Real Property Located at 3140 Willams Road (Grocery Outlet)**

## **RECOMMENDATION**

- (a) Consider the exemption in accordance with the California Environmental Quality Act Guidelines Section 15301(a) for Existing Facilities; and
- (b) Adopt a resolution approving, subject to conditions, a Conditional Use Permit and Determination of Public Convenience or Necessity to allow the off-sale of alcohol (Type 21 – full range of alcoholic beverages) at an existing approximately 23,255-square-foot grocery store (Grocery Outlet) on an approximately 3.18-gross-acre site.

## **SUMMARY AND OUTCOME**

The existing grocery store holds an active Type 20 Department of Alcoholic Beverage Control (ABC) License, which authorizes the sale of beer and wine for off-premises consumption. Under the proposed changes, distilled spirits would be added for off-premises consumption (off-sale), and a Type 21 Department of Alcoholic Beverage Control (ABC) License would be required.

The hearing before the City Council is to evaluate if a significant and overriding public benefit or benefits will be provided by the proposed use pursuant to Section 6.84.030.E of the Municipal Code. If the project is determined to provide a significant and overriding public benefit, then the City Council may grant a Determination of Public Convenience or Necessity and approve the Conditional Use Permit for the off-sale of alcohol (Type 21 – full range of alcoholic beverages) for the subject site.

Pursuant to Section 6.84.030.C, findings B.1 and B.3 for the Determination of Public Convenience or Necessity requires City Council approval, with a recommendation from the Planning Commission, because the subject site is located within the Winchester

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Strong Neighborhood Initiative area, is within 500 feet of an existing child day care center and is adjacent to residentially zoned properties (within 150 feet). Therefore, it requires the City Council to evaluate as part of its decision whether the project is a significant and overriding benefit or benefits will be provided by the proposed use pursuant to Section 6.84.030.E.

## **BACKGROUND**

On March 11, 2026, the Planning Commission held a Public Hearing to consider the California Environmental Quality Act (CEQA) exemption, Conditional Use Permit, and Determination of Public Convenience or Necessity. The project remained on the consent calendar. Commissioner Oliverio made a motion to approve the staff recommendation. Commissioner Casey seconded the motion. The motion passed unanimously 10-0-1 (Cantrell absent).

## **ANALYSIS**

Analysis of the proposed CEQA clearance, Conditional Use Permit and Determination of Public Convenience or Necessity is contained in the Attachment - Planning Commission Staff Report.

## **EVALUATION AND FOLLOW-UP**

The City Council is the final decision-making body for this Conditional Use Permit and Determination of Public Convenience and Necessity.

If the City Council accepts the Planning Commission's recommendation to approve the Conditional Use Permit and Determination of Public Convenience or Necessity, then the existing grocery store can add distilled spirits, in addition to beer and wine, for off-premises consumption in conjunction with a Type 21 ABC License.

If the City Council denies the Planning Commission's recommendation, then the existing grocery store can continue to sell beer and wine for off-premises consumption in conjunction with its active Type 20 ABC License.

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## **COORDINATION**

The preparation of this memorandum has been coordinated with the City Attorney's Office.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City Council Agenda website for the April 14, 2026 City Council meeting.

Staff followed [City Council Policy 6-30: Public Outreach Policy](#) to inform the public of the proposed project. On-site signs have been posted on the project frontage since December 17, 2025. A notice of the public hearing was distributed to the owners and tenants of all properties located within 500 feet of the project site and posted on the City website. Staff has been available to respond to questions from the public and no comments have been received to date.

## **COMMISSION RECOMMENDATION AND INPUT**

At the March 11, 2026, Planning Commission Hearing, the Commission accepted staff's recommendation to approve the proposed Conditional Use Permit and Determination of Public Convenience or Necessity.

## **CEQA**

If approved, the project would be exempt per Section 15301 for Existing Facilities since there are no physical improvements or outdoor uses proposed.

If denied, the project would be exempt per Section 15270 for projects which are denied.

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**PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

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CHRISTOPHER BURTON  
Secretary, Planning Commission

For questions on the permit appeal, please contact John Tu, Division Manager, Planning, Building, and Code Enforcement Department, at [john.tu@sanjoseca.gov](mailto:john.tu@sanjoseca.gov) or (408) 535-6818.

**ATTACHMENT** - Planning Commission Staff Report



# Memorandum

**TO:** PLANNING COMMISSION

**FROM:** Christopher Burton, Director of the Planning, Building, and Code Enforcement Department

**SUBJECT:** File Nos. CP25-017 & ER25-158

**DATE:** March 11, 2026

**COUNCIL DISTRICT: 1**

Type of Permit	Conditional Use Permit
Demolition	N/A
Proposed Land Uses	Alcohol, off-sale (ABC Type 21 License)
New Residential Units	N/A
New Square Footage	N/A
Tree Removals	N/A
<b>Project Planner</b>	Zachary Johnson
<b>CEQA Clearance</b>	Exemption per CEQA Guidelines Section 15301(a) for Existing Facilities
<b>CEQA Planner</b>	Zachary Johnson

**RECOMMENDATION**

Staff recommends that the Planning Commission make a recommendation to the City Council to:

1. Consider the exemption in accordance with the California Environmental Quality Act (CEQA) Guidelines Section 15301(a) for Existing Facilities; and
2. Adopt a resolution approving, subject to conditions, a Conditional Use Permit and Determination of Public Convenience or Necessity to allow the off-sale of alcohol (Type 21 – full range of alcoholic beverages) at an existing approximately 23,255-square-foot grocery store (Grocery Outlet) on an approximately 3.18-gross-acre site.

**PROPERTY INFORMATION**

<b>Location</b>	Southerly side of Williams Road, approximately 350 feet southwest of the intersection of Williams Road and Winchester Boulevard (3140 Williams Road)
<b>Assessor Parcel No.</b>	299-25-014
<b>General Plan</b>	MUC Mixed Use Commercial
<b>Growth Area</b>	Winchester Boulevard Urban Village
<b>Zoning</b>	MUC Mixed Use Commercial
<b>Historic Resource</b>	No
<b>Annexation Date</b>	June 12, 1959
<b>Council District</b>	1
<b>Acreage</b>	3.18 gross acres
<b>Proposed Density</b>	N/A

**PROJECT BACKGROUND**

As shown on the attached Aerial Map (Exhibit A), the subject property is located on the southerly side of Williams Road, approximately 350 feet southwest of the intersection of Williams Road and Winchester Boulevard (3140 Williams Road, APN 299-25-014). The approximately 23,255-square-foot grocery store (Grocery Outlet) is located within an existing commercial shopping center with a surface parking lot shared by all tenants. The site is accessed by three vehicle entrances along Williams Road and through the adjacent site (1035 South Winchester Boulevard, APN 299-25-011), which has two vehicle entrances along South Winchester Boulevard. The site has an existing sidewalk along Williams Road. The site is accessible by existing VTA bus stops serving the 25 and 60 lines near the Williams Road and Winchester Boulevard intersection. Pedestrians can cross Williams Road and Winchester Boulevard by utilizing the existing pedestrian crosswalks located at the Williams Road and Winchester Boulevard intersection.

The existing commercial shopping center is surrounded by single-family residences to the west and south, an existing restaurant and gas station to the east, and a single-family residence and multifamily apartments (Lynhaven) across Williams Road to the north. A property to the south of the site (1065 South Winchester Boulevard, APN 29925037) is entitled to construct a six-story mixed-use building consisting of 70 residential condominium units and nine commercial condominiums, including 20,410 square feet of commercial space with one podium parking level and one underground parking level (File No. SP21-006). Special Use Permit SP21-006 is valid until October 25<sup>th</sup>, 2028. A Building Permit application for new construction has not been submitted.

<b>SURROUNDING USES</b>			
	<b>General Plan</b>	<b>Zoning District</b>	<b>Existing Use</b>
<b>West</b>	RN Residential Neighborhood	R-1-5 Single-Family Residence	Single-Family
<b>East</b>	MUC Mixed Use Commercial	MUC Mixed Use Commercial & A(PD) Planned Development	Commercial
<b>North</b>	Residential Neighborhood	R-1-5 Single-Family Residence & R-M(PD) Planned Development	Single-Family & Multifamily
<b>South</b>	MUN Mixed Use Neighborhood & MUC Mixed Use Commercial	R-1-8 (PD) Planned Development & CP Commercial Pedestrian	Single-Family

On August 26, 2025, Steve Rawlings with Rawlings Consulting, on behalf of the applicant, Joe Tanner with Grocery Outlet Inc, filed an application for a Conditional Use Permit and Determination of Public Convenience or Necessity to allow the off-sale of alcohol including beer, wine, and distilled spirits in conjunction with a California Department of Alcoholic Beverage Control (“ABC”) Type 21 – Off-Sale General license at an existing approximately 23,255-square-foot grocery store (Grocery Outlet).

The Grocery Outlet holds an active Type 20 ABC License, which authorizes the sale of beer and wine for off-premises consumption. Under the proposed changes, beer, wine, and distilled spirits would be sold for off-premises consumption between 8:00 a.m. and 9:00 p.m., seven days a week, consistent with the establishment’s regular hours of operation. Based on the Operations Plan provided (Exhibit B), Grocery Outlet currently employs approximately 35 employees, and approximately 12 employees are on-site at any given time. Grocery Outlet has 16 cameras within the store for security.

Alcoholic beverages would take up approximately 670 square feet (4.34 percent) of the approximately 15,447-square-foot sales floor of the Grocery Outlet (See Exhibit C).

The subject site is located within Census Tract 5063.02. Based on the California ABC License Report and the attached Police Memo dated October 1, 2025 (See Exhibit D), the number of off-sale locations authorized in this census tract is typically limited to three. The California ABC License Report and the Police Memo both show that there are five active off-sale licenses within the census tract, including this site’s Grocery Outlet existing Type 20 ABC License.

The Police Memo also states that the project site is not located within a police beat that has a high crime rate (defined as 20 percent above the City average). However, because of the site’s overconcentration of off-sale licenses, a Determination of Public Convenience or Necessity is required.

The Police Department is neutral to the off-sale of alcohol with a Type-21 license at the subject site.

## PROJECT ANALYSIS SUMMARY

Below is a summary of the required analysis for the General Plan and Zoning Policies. For the comprehensive analysis, reference the attached Exhibit E: Draft Resolution.

### Envision San José 2040 General Plan Conformance

The project is consistent with the Envision San Jose 2040 General Plan designation of Mixed Use Commercial as shown on the attached General Plan map (Exhibit F). This designation is intended to accommodate a mix of commercial and residential uses with an emphasis on commercial activity as the primary use. This designation also allows stand-alone commercial uses. The proposed off-sale of alcohol would contribute to the variety of existing commercial retail uses and products available at the subject property located within a neighborhood shopping center. Therefore, the project is consistent with the land use designation.

The project is consistent with General Plan policies related to off-sale alcohol (LU-5.10), business growth and retention (IE-2.6), retention of commercial lands (LU-4.1), and promotion of neighborhood serving commercial uses (LU-5.1). The project would retain existing commercial lands, retain jobs, and produce an additional revenue-generating opportunity in association with the existing Grocery Outlet. Grocery Outlet currently offers a full range of food choices, including fresh fruit, vegetables, meat, seafood, frozen foods, and deli items, as well as vitamins, health and beauty supplies, housewares, and gifts. As a result, the project would improve customer convenience by offering distilled spirits for off-site consumption.

### Zoning Ordinance Conformance

The project is consistent with the MUC Mixed-Use Commercial Zoning District as shown on the Zoning District Map (Exhibit G), including allowed land uses, development standards, and parking standards. Pursuant to Table 20-138 in Section 20.55.203 of the San Jose Municipal Code, alcohol, off-sale -full range of alcoholic beverages, requires a Conditional Use Permit within the MUC Zoning District. There are no proposed exterior modifications to the existing building or other site changes.

## PROJECT FINDINGS SUMMARY

The Project meets all of the findings for the issuance of a Conditional Use Permit pursuant to [Section 20.100.720](#) of the Zoning Code as analyzed in the attached Exhibit E: Draft Resolution. However, the project does not meet all of the findings related to Off-Sale Alcohol and issuance of a Determination of Public Convenience or Necessity for the Planning Commission to make for approval as detailed below.

### Off-Sale Alcohol Findings

Pursuant to [Section 20.80.900.C](#). Where a Conditional Use Permit application requesting the off-premises sale of alcoholic beverages also would require a Determination of Public Convenience and Necessity under the provisions of Chapter 6.84 of Title 6 of this Code, and the Planning Commission cannot make the required findings under [Section 6.84.030](#) of Chapter 6.84 of Title 6 of this Code, the Planning Commission shall make a report and recommendation to the City Council on said conditional use permit application. In this instance, the City Council shall be the initial and final decision-making body on said Conditional Use Permit application.

*Analysis: The project site is located within Census Tract 5063.02. Based on a California ABC License Report and the attached Police Memo dated October 1, 2025, the number of off-sale locations allowed in the census tract is three. The California ABC License Report and the Police Memo both show that there are five active off-sale licenses within the census tract, including Grocery Outlet's existing Type 20 ABC License.*

*The Police Memo states that the project site is not within a police beat that has a high crime rate (defined as 20 percent above the City average). However, because of the site's overconcentration of off-sale licenses, a Determination of Public Convenience or Necessity is required.*

#### Determination of Public Convenience or Necessity Findings

Pursuant to [Section 6.84.030.C.](#), The Planning Commission serves as the recommending body to the City Council for this project. As the project does not satisfy one of the required findings for approval, a determination of overriding public benefit or benefits is required.

The below findings cannot be made:

B.1. The proposed use is not located within a strong neighborhoods initiative or neighborhood revitalization area or other area designated by the City for targeted neighborhood enhancement services or programs, or located within an area in which the chief of police has determined based upon quantifiable information that the proposed use: (a) would be detrimental to the public health, safety, or welfare of persons located in the area; or (b) would increase the severity of existing law enforcement or public nuisance problems in the area.

B.3. The proposed use would not be located within five hundred feet of a school, day care center, public park, social services agency, or residential care or service facility, or within one hundred fifty feet of a residence.

*Analysis: Findings B.1 and B.3 for the Determination of Public Convenience or Necessity cannot be made by the Planning Commission for the off-sale of distilled spirits because the subject site is located within the Winchester Strong Neighborhood Initiative area, is within 500 feet of an existing child day care center, and is adjacent to residentially zoned properties (within 150 feet).*

*Since the project does not meet these findings, the City Council has to evaluate if overriding public benefits exist.*

*The off-sale of distilled spirits at Grocery Outlet would be incidental to the existing grocery store, which already sells beer and wine. The addition of distilled spirits would reduce the number of additional trips customers would need to visit to fulfill their shopping needs and provides an additional retail outlet for distilled spirits.*

*While the project is located within an over-concentrated census tract, it would not result in a grouping of four or more off-sale establishments within a 1,000-foot-radius of the site. In addition, Royal Wines & Spirits is the only other off-sale establishment in the census tract with an active Type 21 ABC License. The project would not increase the number of off-sale licenses as they would be replacing their existing beer and wine ABC Type 20 license with the Type 21 license that allows distilled spirits. Therefore, staff recommends that the City Council determine that the project would provide a significant and overriding public benefit.*

#### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

Under the provisions of Section 15301 for Existing Facilities of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA) as stated below, this Project is found to be exempt from the environmental review requirements of Title 21 of the San José Municipal Zoning Code, implementing the California Environmental Quality Act of 1970, as amended.

Class 1 Categorical Exemption consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use

beyond that existing at the time of the lead agency’s determination. The key consideration is whether the Project involves negligible or no expansion of an existing use.

Examples include, but are not limited to:

- a. Interior or exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances.

*Analysis: The Project does not include any exterior modifications or expansion of the existing commercial building's footprint. The Project does not include a change in use. The only proposed change is to modify the Permittee’s ABC license type to add distilled spirits as an off-sale option. Therefore, the Project is categorically exempt pursuant to CEQA Section 15301 for Existing Facilities.*

**PUBLIC OUTREACH**

Staff followed [Council Policy 6-30: Public Outreach Policy for Pending Land Use and Development Proposals](#) to inform the public of the Project. On-site signs have been posted at the site frontage since December 17, 2025. A notice of the public hearing was distributed to the owners and tenants of all properties located within 500 feet of the Project site and posted on the City website. Staff has been available to respond to questions from the public and to date, no comments have been received.

**Project Manager:** Zachary Johnson, Planner III

**Approved by:** Manira Sandhir, Deputy Director for Christopher Burton, Director of Planning, Building and Code enforcement

ATTACHMENTS:	
<a href="#">Exhibit A:</a>	<a href="#">Aerial Map</a>
<a href="#">Exhibit B:</a>	<a href="#">Operations Plan</a>
<a href="#">Exhibit C:</a>	<a href="#">Floor Plan Set</a>
<a href="#">Exhibit D:</a>	<a href="#">Police Memo</a>
<a href="#">Exhibit E:</a>	<a href="#">Draft Resolution</a>
<a href="#">Exhibit F:</a>	<a href="#">General Plan Map</a>
<a href="#">Exhibit G:</a>	<a href="#">Zoning Map</a>

Owner:	Applicant:	Applicant’s Representative:
Bruce Wilson Caltex Equities PO Box 29330 San Francisco, CA 94129	Joe Tanner Grocery Outlet Inc 5650 Hollis Street Emeryville, CA 94608	Steve Rawlings Rawlings Consulting 26023 Jefferson Ave Suite D Murrieta, CA 92562