



Agenda Item

Planning Commission

Item #: 4.2.

6/2/2025

File #: 25-0319

TO: Chair and Members of the Planning Commission

THRU: Anna Pehoushek, Assistant Community Development Director

FROM: Arlen Beck, Associate Planner

1. SUBJECT

Public Hearing to consider an Ordinance amending provisions in Title 17 of the Orange Municipal Code relating to the sale and service of alcoholic beverages in conjunction with the operation of a bona fide restaurant and finding of CEQA exemption.

2. SUMMARY

The proposed Ordinance amends certain provisions of Title 17 (Zoning Ordinance) of the Orange Municipal Code (OMC) to allow the sale and service of alcoholic beverages in conjunction with the operation of a bona fide restaurant as a permitted land use, rather than conditionally permitted, subject to standardized operating conditions in certain zoning districts.

3. RECOMMENDED ACTION

1. Conduct and close the Public Hearing.
2. Adopt Planning Commission Resolution No. PC 05-25 recommending that the City Council adopt an Ordinance amending Title 17 of the Orange Municipal Code to allow the sale and service of alcoholic beverages in conjunction with the operation of a bona fide restaurant as a permitted use in certain zoning districts when the applicant agrees to standardized operating conditions.
3. Find the proposed Ordinance Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

4. AUTHORIZING GUIDELINES

OMC Section 17.08.020 authorizes the Planning Commission to review and make advisory recommendations to the City Council on Zoning Ordinance Amendments.

5. PROJECT BACKGROUND

The City of Orange has historically regulated the on-site sale and service of alcoholic beverages through the conditional use permit (CUP) process, requiring restaurant applicants to undergo discretionary review before offering alcoholic beverages. This regulatory approach was designed to minimize adverse impacts to surrounding uses. The CUP entitlement process has imposed risk, time, and cost burdens on restaurant operators, particularly those for whom alcohol service is a customary, incidental component of their dining experience. The sale and service of alcoholic beverages for on-site consumption is a common feature of modern restaurants, and there is a need to refresh City

standards to reduce burdens on restaurants, promote economic development, and streamline the process for effective use of staff resources.

6. PROJECT DESCRIPTION

The proposed Ordinance would allow restaurants with the on-site sale and service of alcoholic beverages as a permitted use if the applicant agrees to the standardized operational conditions. The standardized operational conditions were developed in coordination with the Orange Police Department and also informed by the standard conditions of approval that have been applied by the City to alcohol-related CUPs over time. This amendment would apply within commercial zoning districts where restaurants without alcohol sales are already permitted by right. The change would enable restaurant operators to serve alcohol without requiring a CUP, provided agreed upon operation standards are followed to ensure alcohol remains incidental to food service.

Under the proposed Ordinance, qualifying restaurants must meet the definition of a "bona fide public eating place" as defined by California Business and Professions Code Section 23038, which requires the maintenance of a functioning kitchen and the regular preparation and service of meals. The alcohol service must be subordinate to the food operation, with the primary business activity centered on meal service rather than alcohol consumption.

The proposed Ordinance does not extend to bars, taverns, or nightclubs, nor does it allow live entertainment or dance floors. More specifically, restaurant applicants that request to operate outside of the standardized conditions would not qualify for the expedited process; they would still require CUPs, which would be reviewed by Planning Commission at a public hearing as is the current process.

The proposed amendment will reduce regulatory burdens for restaurant owners by eliminating the need for discretionary permitting when the sale of alcohol is accessory to dining. No significant impacts are anticipated because the proposed Ordinance includes standardized operating conditions. By allowing for alcohol service within clearly defined parameters, the proposed Ordinance supports local business development while maintaining consistency with the City's land use goals, economic development strategy, and General Plan policies related to vibrant commercial corridors and high-quality dining experiences.

Staff recommends these changes to the Planning Commission.

7. PROJECT ANALYSIS

The proposed Ordinance supports the local dining economy by streamlining the entitlement process, provides standardized operating conditions for the sale and service of alcohol for on-site consumption in conjunction with a restaurant, and continues to minimize impacts to adjacent land uses. The standardized operating conditions are the same as those historically placed on restaurants through the CUP process. The proposed Ordinance is not applicable to bars, nightclubs, off-sale establishments, or any restaurants that are unable to conform to the standardized conditions. The proposed Ordinance applies exclusively to restaurants with full kitchens and regular meal service, ensuring that alcohol remains secondary to dining.

Restaurants contribute to the local economy and quality of life. An undue entitlement process hinders the City's competitiveness in attracting and retaining high-quality dining establishments. By removing unnecessary entitlement hurdles for responsible operators, the City aims to promote and expedite business practice, reduce administrative burden, and encourage the development of a vibrant restaurant scene aligned with City's economic development goals. Standardized operating conditions

will continue to regulate restaurants choosing to serve alcohol. These conditions, in the form of codified operating standards, are expected to provide the same effectiveness in deterring any adverse impacts.

No issues have been identified.

8. PUBLIC NOTICE

On May 8, 2025, the City published notice of the Planning Commission public hearing in the Orange City News. Notification was also posted at City Hall and on the City website on or before that date.

9. ENVIRONMENTAL REVIEW

The proposed ordinance is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the state CEQA Guidelines (Common Sense Exemption) because it can be seen with certainty that there is no possibility that it would have a significant effect on the environment. For this reason, no further CEQA documentation is required.

10. ADVISORY BOARD ACTION

No advisory board action was necessary for this ordinance.

11. ATTACHMENTS

- Attachment 1 - Planning Commission Resolution No. PC 05-25 with Draft City Council Ordinance XX-25 (Clean)
- Attachment 2 - Draft City Council Ordinance XX-25 (Redlined)