



Agenda Item

City Council

Item #: 8.1.

8/26/2025

File #: 25-0271

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Russell Bunim, Community Development Director

1. SUBJECT

Public Hearing to consider introduction and First Reading of 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, subject to special use regulations; and finding of CEQA exemption. Ordinance No. 13-25.

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 in certain zoning districts, subject to special use regulations. In these instances, a conditional use permit would no longer be required.

3. RECOMMENDED ACTION

1. Conduct and close the public hearing.
2. Introduce and conduct First Reading of Ordinance No. 13-25. An Ordinance of the City Council of the City of Orange amending Title 17 (Zoning) 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 subject to special use regulations.
3. Find the ordinance categorically exempt from the California Environmental Quality Act (CEQA) per State CEQA Guidelines Sections 15061(b)(3).

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability.

2.12: Update Zoning Ordinance for process clarity and improve efficiency for new businesses.

6. DISCUSSION AND BACKGROUND

The City of Orange has historically regulated the on-site sale and service of alcoholic beverages at a restaurant through the conditional use permit (CUP) process, which requires a discretionary review by the Planning Commission in order to operate with the sale and service of alcoholic beverages. 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 proposed ordinance removes unnecessary entitlement hurdles for responsible

operators by establishing an administrative review process for those restaurants agreeing to operate under a prescribed set of special use regulations. This administrative process eliminates the need for a discretionary review by the Planning Commission and related public notification. This streamlined process aims to promote an expedited business practice, reduce administrative burden, and encourage the development of a vibrant restaurant scene aligned with the City's economic development goals.

Special Use Regulations

The special use regulations are the same as those the City has historically placed on restaurants as conditions of approval through the CUP process, and will now be applied in a more efficient, predictable format. The ordinance is not applicable to bars, nightclubs, off-sale establishments, or any restaurants that are unable to conform to the special use regulations.

To qualify, a restaurant must meet the State definition of a "bona fide public eating place," which includes operating a full kitchen and regularly serving meals. In place of the CUP, applicants would apply for an Alcohol Exemption Permit, or AEP, and agree to comply with a comprehensive list of special use regulations. These include limits on hours of operation, prohibitions on live entertainment and dance floors, and requirements for security lighting, cameras, and operational plans. Restaurants must also maintain food sales as their primary revenue source, and their compliance may be reviewed annually by both the Community Development Director and/or the Police Chief or designees. Importantly, any business seeking to provide the sale and/or service of alcohol that does not wish to meet the special use regulations may still apply for a traditional CUP with a discretionary review by Planning Commission at a public hearing.

Sensitive Receptors

The proposed ordinance takes into consideration the potential for alcohol sales in proximity to sensitive receptors. Specifically, Section 17.30.025.A.26 of the proposed ordinance provides a separation requirement from sensitive receptors, and states, "Alcohol service is not allowed for outdoor dining areas that are located within 100 feet of a sensitive receptor (residential uses, schools, parks, or religious institutions), where the outdoor dining area is oriented to face such sensitive receptor."

Planning Commission Action

The Planning Commission conducted a public hearing on the proposed ordinance on June 2, 2025. At that time the Commission requested clarification on the administration of the alcohol exemption permit, as well as additional content related to the proposed operating condition addressing the prohibition of generic drink specials or happy hours given that this is a common offering at Orange restaurants, and continued the hearing to July 7, 2025, in order for staff to give further consideration to this topic. At the July 7, 2025, Planning Commission meeting, the Commission voted 5-2 to recommend that the City Council adopt the draft ordinance, with the only modification being the removal of Condition #20, which is the prohibition of generic drink specials or happy hour promotions (Section 17.30.025.A.20). If the City Council moves to approve this ordinance and chooses to accept this modification by Planning Commission, it would need to be included in their motion to approve the ordinance.

7. ENVIRONMENTAL REVIEW

The proposed project is not subject to the provisions of the California Environmental Quality Act

(CEQA) pursuant to (1) 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.

8. ATTACHMENTS

- Attachment 1 - Ordinance No. 13-25 (Clean)
- Attachment 2 - Ordinance No. 13-25 (Redlined)
- Attachment 3 - Planning Commission Staff Report, June 2, 2025
- Attachment 4 - Planning Commission Staff Report, July 7, 2025
- Attachment 5 - Planning Commission Meeting Minutes, June 2, 2025
- Attachment 6 - Planning Commission Meeting Minutes, July 7, 2025