

PROJECT DESCRIPTION
REQUEST FOR Conditional Use Permit
City of Orange
Chipotle Mexican Grill Store #3983
112 E. Maple Avenue 92866

Chipotle Mexican Grill (Chipotle Mexican Grill, LLC, d/b/a Chipotle Mexican Grill, ("the Applicant" and/or "Chipotle") is seeking the following discretionary approval:

Pursuant to **Section 17.30.010 of the City of Orange Zoning Code (RSMZC)**, the Applicant requests a **Conditional Use Permit ("CUP")** to allow the sale and/or dispensing of a full line of alcohol for on-site consumption in connection with its forthcoming 60-seat 2,610 s.f. restaurant with hours of operation and alcohol sales from 9 am to 11 pm daily, located on a .08-acre lot in the OTMU-15 zone.

PROJECT DESCRIPTION

The Applicant, Chipotle, is requesting conditional use approval to serve a full line of alcohol pursuant to a type 47 ABC license for on-site consumption at its forthcoming location at 112 E. Maple Avenue in City of Orange ("Site"). Chipotle expects to open summer 2021. The restaurant will be 2,610 s.f. in size and provide 60 seats – 32 seats inside and 28 patio seats -- 16 on-site and 12 on the public right-of-way. The Applicant is not requesting the ability to serve alcohol on the patio.

This location will also include a "Chipotlane" on the Maple Avenue frontage, which will be a walkup window accessible on foot only. This will be adjacent to the 12 patio seats located along the sidewalk between the restaurant and Maple Avenue. In addition, there will be 16 patio seats adjacent to the parking lot. These seats will be buffered by a landscaped area. Patrons will not be able to consume alcohol in either outdoor area but inside the restaurant only.

The Applicant believes that its request for a Conditional Use Permit to serve a full line of alcohol for on-site consumption along with meals at its "fast casual" Mexican-style restaurant is warranted based upon the company's outstanding record of compliance with the California Department of Alcoholic Beverages ("ABC"), the appropriateness of the location for the requested use, and its overall reputation as a well-established, responsible company which can be trusted to manage the requested ABC license appropriately.

With the respect to the request to be able to have a type 47 ABC license (full line of alcoholic beverages at a restaurant), this request is in case the Applicant seeks to upgrade the license from a type 41 (beer & wine at a restaurant) at some point in the future. Typically, the Applicant only sells beer along with its Mexican-style food offerings, but would like the operational flexibility to be able to serve margaritas. Thus, even though the Applicant is currently applying for a type 41 ABC license, it is seeking approval from the City of Orange to be able to serve a full line of alcoholic beverages pursuant to a type 47 ABC license should it choose to upgrade the license type at some point in the future. Regardless, it would only ever sell beer and margaritas.

THE APPLICANT

The Applicant owns and operates more than 2,700 restaurants throughout the United States, Canada, and overseas, and continues to expand its brand. The Applicant attributes its tremendous growth rate since it

opened its first location in 1993 on its vision for its restaurants. The idea is simple: demonstrate that customers could be served good quality food in a distinctive atmosphere--quickly and at an affordable price point. Chipotle uses high-quality raw ingredients, classic cooking methods and distinctive interior design--features that are more frequently found in the world of fine dining. The Applicant essentially established the category of dining now called "fast-casual," the fastest growing segment of the restaurant industry, where customers expect food quality that's more in line with full-service restaurants, but with the simplified menus, speed, and convenience of fast food.

As the company has grown, the Applicant's vision has evolved as well. The Applicant incorporates a concern for the environmental and societal impact of its restaurants into its business model. Features of this model, which the Applicant calls "Food with Integrity," include a commitment to high-quality food, sustainable business practices, charitable giving, and responsible sourcing of animal products. This philosophy is part of an overall commitment to running a business which has a positive impact on its employees, its patrons, its environmentally minded vendors and suppliers, and the communities in which its restaurants are located. Chipotle promotes from within, so that oftentimes employees who start out as line cooks work their way up until they are managing multiple locations. Certainly, practices designed to ensure appropriate training and management practices related to sales of alcoholic beverage products are an important feature of Chipotle's corporate philosophy. Indeed, the Applicant has an outstanding record of compliance with the California ABC and parallel regulatory agencies wherever its restaurants are located.

THE SITE

The subject Site is located on the southwest corner of Maple Avenue and North Orange Street and is comprised of .08 acres. The Site is improved with a 4276 s.f. building comprised of two tenant spaces, including The Pie Hole and the forthcoming Chipotle space, which was most recently occupied by a café. Immediately adjacent to and to the south of the Site along Glassell Street are Woody's Antiques, a "cupcakery," Tokyo Café, and the Pizza Press. Across the street along Glassell, there is a Christian Center, a comic book store, and a variety of other restaurant, café, and retail uses. Across the street in a northerly direction, across Maple, are still more restaurants and similar uses, such as The Filling Station Café and Philz Coffee. The Chapman University alumni house is a block to the west along Maple Avenue.

The Site is located within the Historic Core of the City of Orange. Overall, this area can be described as a charming and walkable commercial hub that has a variety of small and/or locally owned establishments. Parking for Chipotle as well as other commercial uses in the vicinity is provided on City-owned surface parking lots, including one containing more than 100 spaces immediately adjacent to the Site. The Site falls under the Downtown Parking Exemption.

The Chipotle space is on the corner but is oriented toward Maple and is adjacent to the existing surface parking lot, which can be entered from Orange Street, the street parallel to Glassell Street and to the east of the Chipotle space. As noted above, Chipotle will be taking over a space formerly occupied by a restaurant/café. As such, there will be no intensification to the Site in terms of parking demand, traffic, or otherwise.

Furthermore, the location, size, design, and operating characteristics of the proposed Conditional Use Permit for the sale of a full line of alcohol at Chipotle's forthcoming restaurant will not create unusual noise, traffic or other conditions or situations that may be objectionable, detrimental, or incompatible with other

permitted uses in the vicinity. Chipotle will be located within an existing commercial hub where site access, parking, and other improvements have already been made, and will not be significantly modified as a result of the proposed use.

REQUEST/OPERATIONAL DETAILS

In terms of the request for the within Conditional Use Permit to enable service of a full line of alcoholic beverages at its restaurant, Chipotle's experience at its over 2,700 locations worldwide is that its customers appreciate having the ability to enjoy these items with their meals. The ability to offer these items is an important component of Chipotle's business model and is one of various features that help distinguish it from other casual dining venues. Particularly in light of the impact of Covid-19 on restaurants, the Applicant's ability to offer these items will be an important component ensuring its long-term viability at this location, as will the inclusion of patio dining.

Alcohol consumption will not be permitted on the patio, as certain types of barriers are required by the ABC, and no such barriers will be installed here. In terms of the façade design, signage, landscaping, patio design, and other physical features of the new restaurant, those are being separately reviewed through the City of Orange's Design Review process. Thus, the within request is operational only, and refers only to aspects of the restaurant that pertain to alcohol service.

Typically, the Applicant only sells beer along with its Mexican-style food offerings, but would like the ability to also serve margaritas. Thus, the Applicant is currently applying for a type 41 ABC license (beer and wine at a restaurant) but is seeking approval from the City of Orange to be able to serve a full line of alcoholic beverages pursuant to a type 47 ABC license (full line at a restaurant) should it choose to upgrade the license type at some point in the future. Regardless, it would only ever sell beer and margaritas. Just as Chipotle is able to offer its patrons high quality food at an affordable price point because of its limited menu and streamlined production process, it offers a limited alcohol menu for the same reasons. In fact, the restaurant floor plan allocates only a limited area for this component of its operations, mostly in the large cooler where alcohol and food items are stored. Indeed, Chipotle does not serve any other alcoholic beverages products at any of its 2700-odd other locations.

The Applicant's hours of operation will be 9:00 a.m. – 11:00 p.m. daily. Chipotle requests coterminous hours of alcohol sales. The Applicant believes that the requested hours are modest, and that they are consistent with uses surrounding the Site. The total number of employees at this location will be 25 once it is open for inside dining, with approximately 12 employees on-premises during any given shift. Currently, because of Covid-19 restrictions which mean that all sales are either for take-out or patio dining, its restaurants are more lightly staffed. It is anticipated that such restrictions will no longer be necessary by the time this Chipotle location opens, anticipated to be Fall of 2021.

The Applicant anticipates alcohol sales to comprise only a very small percentage of gross sales at the restaurant. This has been borne out by its experience at other locations. Further, the Applicant recognizes an obligation to be a respectful operator within the community and welcomes input from the Community Development Department and the Orange Police Department. Ultimately, the reputation of the company depends in part on its ability to ensure that all of its locations operate in a manner which is not detrimental to the character of the development of the neighborhoods in which its restaurants are located. Chipotle has established procedures in place at its restaurants to ensure the responsible management of these products.

Chipotle as a company is committed to providing a safe and enjoyable experience to its patrons and seeks to operate all of its restaurants in a manner which is consistent with this goal.

In addition, a corporate-managed restaurant such as Chipotle is less likely to have the kinds of problems occasionally associated with alcohol sales in environments that are undercapitalized and/or not professionally managed. Chipotle's staff is trained to recognize and appropriately deal with any problems related to alcoholic beverage sales if they were to arise. The Applicant sets very strict guidelines for the purchase and handling of these items to ensure that the problems sometimes associated with irresponsible management of these products never becomes an issue at any Chipotle location. Examples of such practices include the following:

- 1) Extensive staff training, including specifically alcohol awareness;
- 2) Beer caps are removed at the point of sale to ensure no off-site consumption;
- 3) Alcohol is not sold for off-site consumption with take-out food orders or otherwise at any location ordinarily (some aspects of operations may be modified on a temporary basis as a result of Covid-19);
- 4) Only employees 21 years of age or older open bottles or hand customers drinks, which is stricter than ABC requirements;
- 5) There is always at least one on-site manager over the age of 21 on the premises;
- 6) Chipotle does not offer happy hour;
- 7) Chipotle never serves beer or alcohol in "pitchers";
- 8) Beer is served in bottles, not cups;
- 9) Margaritas are sold in clear plastic cups distinct from the cups provided for soft drinks or other nonalcoholic beverages (so they can easily be identified);
- 10) Stores are designed so that employees working the food line or the register can easily see and visually monitor the customer floor area;
- 11) Employees who regularly circulate the store to clean up and bus tables are also tasked with the duty of monitoring customers to ensure that no alcoholic beverages are shared;
- 12) Only one alcoholic beverage per adult customer is served at any one time.

For all of the above reasons, the Applicant respectfully requests the City of Orange's approval of a Conditional Use Permit to enable the sale of a full line of alcoholic beverages and outdoor dining, and submits that it is warranted.