

**STAFF REPORT – PLANNING
CITY OF TEMECULA
PLANNING COMMISSION**

TO: Planning Commission Chairperson and members of the Planning Commission

FROM: Matt Peters, Director of Community Development

DATE OF MEETING: August 5, 2026

PREPARED BY: Mark Collins, Senior Planner

PROJECT SUMMARY: Long Range Planning Project Number LR24-0417, amending Title 17 (Zoning) as detailed in the proposed Ordinance attached here as Exhibit A.

RECOMMENDATION: Adopt a Resolution recommending that the City Council adopt an Ordinance amending Title 17 of the Temecula Municipal Code

CEQA: Categorically Exempt per CEQA Section 15061(B)(3)

BACKGROUND SUMMARY

The growth of online shopping, faster delivery, and the wide variety of goods available digitally have rapidly reshaped brick-and-mortar retail, pushing businesses to offer unique in-person experiences that online platforms cannot replicate. With the pandemic accelerating these changes, traditional retail patterns—such as predictable tenant turnover—have faded, and the once-purely transactional nature of in-store shopping has shifted as customers now research and purchase products online at their convenience. In response, many retailers have adopted “experiential retail” models that emphasize immersive, personalized, or exclusive in-store offerings, sometimes combining complementary uses or incorporating ancillary alcohol service. To address these emerging business formats, the proposed Ordinance introduces an “Alcohol Use Permit (AUP)” to provide flexible, discretionary oversight for ancillary alcohol uses within experiential retail environment.

On July 23rd, 2024 the City Council adopted Ordinance No. 2024-03, which among other things, implemented a number of new policies related to alcohol based on a series of public workshops after a number of alcohol related incidents in the City, specifically Old Town. This proposed Ordinance is an effort to further implement that direction responsibly while ensuring the City has appropriate tools support the City’s economic engine.

This proposed Ordinance would, if adopted, implement a new AUP specific to businesses that provide ancillary alcohol uses outside of more established uses such as restaurants serving beer and wine, grocery stores, and similar retail establishments which are largely permitted by right. Such permitted by right uses would not be impacted by this proposed Ordinance and would not be subject to its requirements.

This new AUP is intended for all uses that involve alcohol, that are not permitted by right, moving forward. AUP's function similarly and are reviewed by the same departments as other land use permits, as such will have the same fee. The primary difference being, that any AUP is issued to the individual or business, meaning it does not "run with the land," and is not transferrable. Any AUP issued automatically expires after 1 year of the approved use being discontinued. If the use is not discontinued, the AUP will remain in effect unless it is revoked by the City after notice and hearing.

The Planning Commission would be the approval authority, which is similar to the current CUP process. The Planning Commission would be able to condition such permits appropriately. The review and revocation process is streamlined to ensure the City has a prompt tool to address any establishments that are noncompliant with their AUP or pose a risk to public safety.

Businesses that have been issued a valid Conditional Use Permit (CUP) as of adoption of this ordinance, would continue to operate under that CUP in accordance with all conditions, requirements and standards as imposed. Such businesses would not be impacted by this proposed Ordinance.

Staff met with the Planning Commission General Plan Update Subcommittee (Chair Turley-Trejo and Commissioner Matics) on March 4, 2026 and presented a draft Ordinance.

Additionally, staff met with the City Council General Plan Update Ad hoc Subcommittee (MPT Rahn and Councilmember Kalfus) on March 10, 2026 and presented a draft Ordinance.

Listed below is a summary of the proposed changes, each of which is discussed in greater detailed in the analysis section, which follows:

Changes to Title 17

Table 17.03.010 (Planning and Zoning Approval Authority)

1. Amend the table to include "Alcohol Use Permit" as a new permit type, approved by the Planning Commission at a public hearing. Additionally, it makes minor typographical corrections and adds language requiring alcohol uses to obtain an AUP if not permitted by right.

§ 17.04.015 (Alcohol Use Permits)

2. Add a new section implementing the Alcohol Use Permit (AUP) program to include application requirements, authority, findings, expiration, revocation and appeal, etc.

§ 17.09.040 C (1) (Land Use Requirements)

3. The proposed Ordinance would amend this section to clarify that AUP's will be required for alcohol serving establishments as opposed to a CUP, as required.

§ 17.09.060 A (1) p. (Alcoholic Beverage Sales Operational Standards)

4. Amend the section to clarify that the approval authority is specified in Table 17.03.010 (Planning and Zoning Approval Authority).

§ 17.09.060 B (10) (Alcoholic Beverage Sales Operational Standards)

5. Amend the section to include "mixed-use" zone as an additional location where the separation requirement between such uses does not apply, if both exist in such a zoning district.

§ 17.09.070C(4)d (Specific Alcohol Regulations)

6. Amend the section to include AUP's, this would be in addition to CUP's as being subject to the revocation of such a permit should a permittee violate the Municipal Code.

ANALYSIS

Outlined below is the explanation for the proposed amendments:

1. Table 17.03.010 (Planning and Zoning Approval Authority)

The inclusion of the AUP to the table would include references to Note 1 which requires a public hearing, and a new "Note 7" which requires compliance with Chapter 17.09 (Alcohol). This approval process was selected to streamline permitting of alcohol uses, while keeping the ability to condition the project appropriately, and still ensuring flexibility for new businesses proposing new and evolving uses that include alcohol sales and/or consumption. Additionally, would make minor typographical corrections and add language requiring alcohol uses to obtain an AUP if not permitted by right, not a CUP.

2. § 17.04.015 (Alcohol Use Permits.)

The proposed Ordinance would add the above referenced section to Chapter 17.04 (Permits). This section includes its stated purpose and intent, provides application requirements, clearly states the approval process and authority (Planning Commission) and the findings that need to be made for such an applications approval. Additionally, this Section provides guidance and requirements for revocation, appeal, and modification to an

AUP. This approach was selected as staff feels it balances the City's First Core Value (A Safe and Prepared Community) with the reality of a changing retail environment.

3. § 17.09.040(C) (Land Use Requirements)

The current process for alcohol uses not permitted by right, is for the application of a CUP, which has been a common approach in planning for many years across many municipalities. CUP's are a time-tested permitting process for uses, in this case alcohol uses, that have some special impact or uniqueness that cannot be determined in advance of the use. This AUP process incorporates the analysis while ensuring the City can respond in a more timely manner to concerns that could negatively impact public safety.

4. § 17.09.060(A)1(p.) (Ancillary Use)

As currently codified in this Section, it is stated without ambiguity that the "bar area" for an ancillary use is permitted through a CUP. As proposed, this Ordinance would refer such uses to Table 17.03.010 (Planning and Zoning Approval Authority) which is a more appropriate reference as there are more than one approval authority based on the proposal and this change reflects that reality.

5. § 17.09.060 (B)10 (Standards for establishments that offer the sale alcohol for on-site consumption, regardless of ABC license type.)

Currently there are requirements for establishments that sell alcohol to be located at least six hundred (600) feet from a religious institution, school, daycare or public park. There is an exemption to this requirement for such institutions that are located within the same zoning district as an establishment that serves alcohol. More plainly, a listed use above (school, park, etc.) located within a commercial zoning district cannot preclude a businesses that sells alcohol. Such businesses would go through the AUP process and would be conditioned appropriately by the approving authority. This proposed Ordinance would amend this section to include mixed-use zoning districts. Mixed use zones allow for a mix of residential and commercial uses and is being added to clarify commercial property rights in a mixed use zone.

6. § 17.09.070(C) (Alcoholic Beverage Sales Operational Standards.)

This section currently states, in summary, that failure to comply with the Municipal Code may result in the revocation of a CUP. This proposed Ordinance would add the proposed AUP to this section holding both to the same standard. This is required of all businesses and permit holders who operate within the City.

LEGAL NOTICING REQUIREMENTS

Notice of the public hearing was published in the *Press Enterprise* on July 23, 2026.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act, the proposed project has been deemed to be categorically exempt from further environmental review.

This ordinance is exempt from the California Environmental Quality Act (CEQA) as there is no possibility the proposed ordinance would have a significant impact on the environment pursuant to State CEQA Guidelines Section 15061(b)(3). The Code Amendments impose regulations on existing uses, but do not increase the intensity or density of any land use or allow any development where it was not otherwise permitted. Staff recommends that a Notice of Exemption be prepared and filed in accordance with CEQA and the State CEQA Guidelines.

ATTACHMENTS:

1. PC Resolution
2. Exhibit A - Draft City Council Ordinance
3. Notice of Public Hearing