

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Matt Peters, Acting Director of Community Development

DATE: July 9, 2024

SUBJECT: Introduce Ordinance Amending Titles 9 and 17 of the Temecula Municipal Code to Add and Implement a Class IV Establishment License and Adopt Related Resolutions

PREPARED BY: Mark Collins, Associate Planner

RECOMMENDATION: That the City Council:

1. Introduce and read by title only an ordinance entitled:

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMECULA AMENDING TITLES 9 AND 17 OF THE TEMECULA MUNICIPAL CODE TO 1) IMPLEMENT AND DEFINE A CLASS IV ENTERTAINMENT LICENSE, 2) AMEND TABLE 17.08.030 (SCHEDULE OF PERMITTED USES COMMERCIAL / OFFICE / INDUSTRIAL DISTRICTS) TO INCLUDE CLASS IV ENTERTAINMENT ESTABLISHMENT AS A NON PERMITTED USE IN ALL ZONES BUT ALLOWED IN THE OLD TOWN SPECIFIC PLAN AND ADDING A NOTE REFERENCING CHAPTER 17.09 (ALCOHOL), 3) CREATE A NEW CHAPTER 17.09 (ALCOHOL) AND RELOCATE ALL ALCOHOL REQUIREMENTS FROM CHAPTER 17.10 (SUPPLEMENTAL DEVELOPMENT STANDARDS) TO CHAPTER 17.09 (ALCOHOL), 4) CREATE STANDARDS FOR ENTERTAINMENT ESTABLISHMENTS, AND 5) MAKING A FINDING OF EXEMPTION UNDER CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) GUIDELINES SECTION 15061(B)(3)

2. Adopt the following resolutions entitled:

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA ADOPTING SPECIFIC PLAN AMENDMENT NO.

11 TO THE OLD TOWN SPECIFIC PLAN TO 1) ADD CLASS IV ENTERTAINMENT ESTABLISHMENT AS A PERMITTED USE IN THE DOWNTOWN CORE DISTRICT, 2) IMPLEMENT A ONE YEAR OUTDOOR LIVE ENTERTAINMENT PILOT PROGRAM, AND 3) MAKING A FINDING OF EXEMPTION UNDER CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) GUIDELINES SECTION 15061(B)(3)

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA ESTABLISHING A CLASS IV ENTERTAINMENT LICENSE FEE

BACKGROUND SUMMARY: During the Covid-19 pandemic, businesses of all varieties were put under conditions that likely could have resulted in the loss of many businesses within the City, specifically Old Town. During the pandemic, the City was proactive and established an outdoor dining program that allowed restaurants and retailers to stay open and continue to operate within the limits of then current health restrictions. This proved beneficial, as all businesses who took advantage of the program survived the pandemic and continue to thrive to this day. As the “Jewel of Temecula,” residents have long known that Old Town is a special place; both in terms of its importance to the community as a cultural, historic, and social place for families to enjoy as well as its substantial economic impact to the City and regionally.

The exceptional steps taken by businesses and the City to keep Old Town open during this time was no doubt a success. As the impacts of the pandemic eased, Old Town became a victim of its own success, with rising rates of alcohol related incidents, overserving of patrons and various other alcohol related induced crimes or violations of the Municipal Code. In addition to the rising rates of alcohol related incidents, City Staff was receiving multiple requests from existing and potential businesses to sell alcohol past midnight.

In response, the City of Temecula held a joint public workshop of the City Council and Planning Commission on the morning of September 28, 2023. These bodies are responsible for the approval of permits and licenses allowing for businesses to provide or sell alcohol to their guests and patrons. At this meeting, staff presented a history of Old Town and its growth into the lively Old Town is today; this included more recent history of continued alcohol related incidents and in some cases illegal behavior/actions observed. This discussion focused on three topics that the Council requested additional research and information on. They were: 1) Consistent and predictable conditions of approval for businesses that provide alcoholic beverage sales. 2) Type 90 Alcohol Beverage Control (ABC) License, which permits entertainment venues to serve distilled spirits, without food service as well as allow minors on the premises. 3) Explore the options of an outdoor live entertainment permit specific to Old Town.

Staff received direction from the joint workshop to further analyze and prepare a policy framework for amending the Development Code. After initial analysis, further direction was necessary from the Planning Commission and City Council. A second joint public workshop of the City Council

and Planning Commission was held on the morning of February 6, 2024. This meeting focused primarily on how the City wanted to address some specific questions that would shape the framework of the updated policies. Specifically, staff was requesting direction on:

- hours of operation;
- quantity of events/permits;
- limits on musical instruments (percussion); and
- relation to City events and residences.

After collecting feedback from the joint workshop, staff prepared a draft ordinance to implement these changes to Chapter 9.10 (Entertainment License), Title 17 (Zoning) and a draft resolution to adopt Specific Plan Amendment No. 11 (SPA No. 5) to the Old Town Specific Plan.

SUMMARY OF ORDINANCE: The proposed Ordinance would make amendments to Titles 9, and 17 of the Temecula Municipal Code. Listed below is a summary of the proposed changes to the Municipal Code:

Changes to Title 9

Section 9.10.020 (Definitions)

1. Amend the definition of “Entertainment Establishment Types” to include “Class IV Entertainment License” which is specific and only issued to establishments that hold a Type 90 ABC License.
2. Add definition for “Type 90 ABC License.”

Section 9.10.060 (Fees)

3. Specify that the Class IV Entertainment License shall have the same Fee amount and application process as that of a Class III Entertainment License as set by City Council Resolution.

Section 9.10.090 (Universal entertainment license standards and conditions)

4. Add Class IV Entertainment License, and specify that all requirements applicable to Class I, II, and III Entertainment Licenses are applicable to Class IV with the exception of operational hours. Operating hours for a Class IV Entertainment License are 7:00 a.m. through 10:59 p.m., and alcohol sales ceasing at 11:59 p.m.

Section 9.10.125 (Class IV Entertainment Venue Conditions)

5. Add new section implementing operating conditions for Class IV Entertainment Establishments, to include reference to Chapter 17.09 (Alcohol).

Changes to Title 17

Table 17.08.030 (Schedule of Permitted Uses Commercial/Office/Industrial Districts)

6. Amend the table to include “Class IV entertainment establishment as a non-permitted use in all commercial zones but allowed in the Downtown Core District of the Old Town Specific Plan and add “Footnote 16” to all land uses that serve or sell alcohol referencing Chapter 17.09 (Alcohol).

Chapter 17.09 (Alcohol)

7. Create new Chapter, 17.09 (Alcohol). This chapter will contain standards, conditions, and operational requirements for establishments that sell or serve alcohol. In addition, this chapter will include additional definitions, staff training, posting requirements that would establish standards specific to the operation of a Class IV entertainment establishment. Only one Class IV entertainment establishment will be allowed, and it shall be located exclusively within the Downtown Core District in the Old Town Specific Plan. Lastly, the regulations would require that alcohol sales moving forward shall cease at midnight (11:59 p.m.). CUP’s issued prior to this Ordinance may operate under their existing CUP hours.

Section 17.10.020 (Supplemental Development Standards)

8. Subsection B (Alcoholic Beverage Sales), and Subsection G (Entertainment Establishments) will be relocated to Chapter 17.09 (Alcohol), and the latter renamed “Entertainment Establishments” as shown in Ordinance.

SUMMARY OF RESOLUTION: The proposed Resolution would amend the Old Town Specific Plan (Amendment No. 11), listed below is a summary of the proposed changes to the Old Town Specific Plan:

9. Amending the land use table to permit (a maximum of one) Class IV entertainment establishment in conjunction with a live entertainment license and a Type 90 ABC license.
10. Creation of a one-year pilot program allowing outdoor live entertainment, specifically within the Downtown Core District within Old Town
11. Miscellaneous typographical corrections and clarifications.

The draft proposal was taken to the Old Town Local Advisory Committee (OTLAC) on April 25th, 2024; the City Council Old Town Steering Subcommittee on May 14th, 2024; and the Planning Commission General Plan Update Subcommittee on May 15th, 2024. These bodies refined the proposal into its current form which was recommended for adoption by the Planning Commission on June 5th, 2024 as detailed in Resolution No. 2024-08 (Ord), and Resolution No. 2024-09 (SPA).

SUMMARY OF RESOLUTION: The proposed Resolution would establish a Class IV Entertainment License Fee.

FISCAL IMPACT: Community Development budgeted sufficient funds for the ordinance development and fee study, which will include administrative costs, and enforcement.

- ATTACHMENTS:**
1. City Council Ordinance
 2. Planning Commission Resolution No. 2024-08
 3. City Council Resolution - Old Town Specific Plan Amendment No. 11
 4. Exhibit A – Old Town Specific Plan Amendment No. 11
 5. Planning Commission Resolution No. 2024-09
 6. City Council Resolution - Fee
 7. Notice of Public Hearing
 8. Notice of Exemption