



# AGENDA REPORT

**Department:** Planning  
**Prepared by:** David Welch, Principal Planner  
**Meeting Date:** Tuesday, March 17, 2026  
**Approved by:** Alejandro Hernandez, Acting City Manager

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## **SUBJECT:**

Consideration of a Determination Categorically Exempt from (CEQA) Under Class 3 of the CEQA Guidelines Section 15303 and Conditional Use Permit for Beer and Wine Sales at a New Restaurant to be Located at 21 West 7th Street.

## **RECOMMENDATION:**

Adopt the Resolution Entitled: "Resolution of the City Council of the City of National City, California, Determining that the Project is Categorically Exempt from the California Environmental Quality Act (CEQA) Under Class 3 of the CEQA Guidelines Section 15303 (New Construction or Conversion of Small Structures) and Approving a Conditional Use Permit for Beer and Wine Sales (ABC Type-41) at a New Restaurant to be Located at 21 West 7th Street."

## **BOARD/COMMISSION/COMMITTEE PRIOR ACTION:**

On February 2, 2026, the Planning Commission adopted a Resolution recommending approval of the Conditional Use Permit with modified conditions by unanimous vote of those present, with one Commissioner absent. A condition of approval related to the provision of security for the proposed use was modified for more clarity and a reduction in the required hours.

## **EXPLANATION:**

### Executive Summary

The applicant intends to operate a restaurant in conjunction with a previously-approved outdoor commercial recreation facility and has applied for a California Department of Alcoholic Beverage Control (ABC) Type 41 license to offer on-site beer and wine sales. The applicant is proposing alcohol sales from 8:00 a.m. to 11:00 p.m. daily.

### Site Characteristics

The new restaurant is proposed to operate within a new athletic facility comprised of five "padel" tennis courts and one pickleball court. The facility will also include a clubhouse occupying approximately 2,090 square feet of the currently vacant 24,106 square-foot site.

Development Zone 1B (DZ-1B) allows for both residential and commercial use and the surrounding area is a mix of lodging, restaurants, a gas station, retail, a charter school, and small offices. In addition, the west side of the site faces Interstate 5 across Roosevelt Avenue. The

nearest residential units are over 300 feet from the site. However, a building permit has been filed for the construction of one unit on the property to the east.

The property was granted a Conditional Use Permit (CUP) for outdoor recreation (padel center) in September of 2023. The Conditions of Approval continue to be applicable.

### Proposed Use

The applicant is proposing beer and wine sales (ABC Type-41) in conjunction with food sales at the restaurant. Restaurant hours will be 8:00 a.m. to 11:00 p.m. daily. Proposed hours for alcohol sales are the same as the restaurant. On-site consumption would be permitted in the outdoor seating area between the athletic courts and the clubhouse. No live entertainment is proposed with this permit and the applicant intends to host infrequent tournaments through a separate Temporary Use Permit (TUP) process. The recreation facility is still in the development process and only minor grading has occurred as of the writing of this report.

### Analysis

Section 18.30.050 of the Land Use Code (LUC) allows for on-site alcohol sales with an approved CUP. Additional requirements for alcohol CUPs include expanded notification, a community meeting, and distance requirements. City Council Policy 707 also regulates alcohol sales in the city.

### Hours of Operation

Restaurants with on-site alcohol sales have been approved with varying hours throughout the city. Most recently, five restaurants in 2024 and 2025 were approved for on-site alcohol sales of beer and wine (ABC Type-41). For reference, the recent restaurants are:

<b>Name</b>	<b>Address</b>	<b>License Type*</b>	<b>Approved Hours</b>
La Malcriada Birrieria	1604 E 18 <sup>th</sup> St.	41	8:00 a.m. - 10:00 p.m. inside 8:00 a.m. - 9:00 p.m. outside
Tacos El Franc	3030 Plaza Bonita Rd.	41	10:00 a.m. - 10:00 p.m. daily
Mariscos La Capital	801 National City Blvd.	41	8:00 a.m. - 11:30 p.m. daily
La Malquerida by Dolce	1524 McKinley Ave.	41	8:00 a.m. – 10:00 p.m. daily
Zhangliang Malatang Spicy Hotpot	1430 E Plaza Blvd. # E20	41	11:00 a.m. – 11:00 p.m. daily

\*Type 41 – On-Sale Beer and Wine

The proposed hours for alcohol sales are from 8:00 a.m. to 11:00 p.m. daily, which is similar to these recent approvals. However, in this case patrons will be in an exclusively outdoor setting. The proposed restaurant is located within DZ-1B, which is intended to include both visitor-serving commercial and entertainment uses. It should be noted that a Type 41 ABC license (On Sale Beer & Wine – Eating Place) requires that alcohol sales not exceed food sales. In addition, City Council 707 requires that alcohol must be purchased with food.

Mailing – All property owners and occupants within a distance of 660 feet are required to be notified of a public hearing for alcohol-related CUP applications. Notice of this public hearing was sent to 483 occupants and owners. No public comment has been received as of the writing of this report.

Community Meeting - Pursuant to Section 18.30.050 (C) of the LUC, a community meeting was held Tuesday, August 19, 2025 at 6:00 p.m. at a nearby restaurant. The meeting advertisement is attached (Attachment 8); there were no community members in attendance.

Distance Requirements - Section 18.030.050 (D) of the LUC requires a 660-foot distance from any public school (kindergarten through twelfth grade); there are no such public schools within 660 feet of the site.

#### Alcohol Sales Concentration/Location

According to the California Department of Alcoholic Beverage Control (ABC), there are currently 17 on-site licenses in Census Tract 219, where a maximum of three are recommended. Therefore, the census tract is considered to be overconcentrated by ABC with regard to on-site alcohol sales outlets. Census Tract 219 is the area west of National City Boulevard from Division Street to the southern City boundary and into the City of Chula Vista. Of the 17 outlets, one is a fraternal organization, 10 are located within National City, and six are located in Chula Vista. The nearest existing license location is at the Ramada hotel at 700 National City Boulevard. One additional on-sale alcohol CUP was recently approved in the tract.

#### Police Department (PD)

The ABC Risk Assessment provided by PD allocated a total of 17 points, which places it in the Medium Risk category (Medium Risk is considered 13 to 18 points). The applicant revised their request since PD reviewed the application, but it would still be considered Medium Risk (14 points). The Risk Assessment is included as Attachment 6. PD also raised concerns related to the high crime rate in the area, no known plans for monitored parking or the incorporation of Crime Prevention Through Environmental Design (CPTED), and the concentration of alcohol-related businesses.

Staff recommended conditions of approval to alleviate some of the concerns related to the high crime rate in the surrounding area. These include the presence of a security guard on-site that is available to escort patrons to their parked vehicles during evening hours and additional security cameras that can monitor adjacent sidewalks. The previous CUP approved for the property also limited the height of opaque walls or fencing to four feet along street frontage to create additional visibility between the facility and the adjacent streets.

#### Institute for Public Strategies

Comments were received from IPS with the following considerations:

1. To prevent injuries, the Responsible Hospitality Coalition of San Diego County recommends refraining from selling alcohol to patrons who have yet to complete any padel or pickleball games they intend to engage in.
2. Require that servers/management check for valid identification for patrons appearing under the age of thirty (30), rather than twenty-one (21), when patrons order alcohol, due to the community, civic, and private events expected to take place throughout the facility.
3. Require that food service is always available during the hours that alcohol is sold.
4. Consider establishing clear guidelines for when additional alcohol licenses will or will not be permitted within an already dense area.

Conditions of approval have been included in the draft resolution discouraging the sale of alcohol to patrons who still plan to participate in games at the facility, age verification checks, and a requirement that alcohol will only be offered with the purchase of food. Any further guidelines or policies related to the approval of alcohol licenses should be reviewed by the City Council in conjunction with the approved Policy 707.

#### Findings for Approval

The following are the required findings in the attached draft resolution:

1. Allowable Use: Alcohol sales are allowable within Development Zone 1B of the Downtown Specific Plan, pursuant to a CUP, and the proposed use meets the required guidelines in the Land Use Code for alcohol sales, as discussed in the staff report. The use is incidental to a proposed restaurant use in a mixed-use area.
2. General Plan Consistency: Alcohol sales are a permitted use, subject to a CUP, by the Land Use Code, which is consistent with the General Plan. In addition, a restaurant with alcohol sales is consistent with the Development Zone 1B land use designation on the Downtown Specific Plan.
3. Compatibility, LUC, and Traffic: The intensity of development was analyzed for Development Zone 1B at the time the Downtown Specific Plan was approved. The site is being developed below the prescribed density in the specific plan and will be occupied by a small 2,090 square-foot clubhouse from which the restaurant will operate. The site is physically suitable for the type, density, and intensity of use being proposed, including access, utilities, and the absence of physical constraints. The proposed use would be incidental to the primary use of food service.
4. No Nuisance: The proposed use will be subject to conditions that limits the sale of beer and wine as well as the hours that it will be available. Beer and wine will only be available with the sale of food. In addition, all staff members serving alcohol are required to receive RBSS training. There is no live entertainment proposed on site.
5. California Environmental Quality Act (CEQA): The proposed project has been reviewed in compliance with the California Environmental Quality Act (CEQA) and has been determined to be categorically exempt from environmental review pursuant to Class 3, Section 15303 (New Construction or Conversion of Small Structures) for which a Notice of Exemption will be filed subsequent to approval of this Conditional Use Permit. The reason for the exemption is that the use is proposed for a new restaurant to be operated out of a proposed 2,090 square foot commercial structure and the use is similar to other commercial uses in the area, which are permitted in Development Zone 1B.
6. Public Convenience and Necessity: The restaurant, a permitted use in Development Zone 1B, will benefit from the sale of alcohol by providing for a wider diversity of businesses that add to the character and vibrancy of the area.

## Findings for Denial

The following are findings for denial:

1. Granting the permit would constitute a nuisance or be injurious or detrimental to the public interest, health, safety, convenience, or welfare, or materially injurious to persons, property, or improvements in the vicinity and zone in which the property is located, because the addition of on-site alcohol sales may increase the propensity for over-consumption of alcohol and increase the potential for impacts to the surrounding area.
2. The proposed use is not deemed essential to the public necessity, as there are already sixteen restaurants or bars in the same Census Tract that serve alcohol.
3. Based on the above findings, public convenience and necessity will not be served by a proposed use of the property for the on-site sale of alcoholic beverages pursuant to law.

## Conditions of Approval

Based on the comments provided by IPS and PD, additional conditions were added to address security concerns and protect patrons from unsafe play. The applicant's proposed hours of operation are also included in the attached resolution.

Standard Conditions of Approval have been included with this permit as well as conditions specific to on-site alcohol sales per Council Policy 707 (hours of operation, employee training, and accessory sales, etc.).

## Summary

The proposed use is consistent with the General Plan due to alcohol sales for on-site consumption being a conditionally-allowed use in Development Zone 1B, which is intended for a variety of uses including visitor-serving commercial and entertainment. A restaurant use serving alcohol will contribute to the viability of the district. Beer and wine will only be available with the sale of food and draft conditions are intended to reduce the potential for any impacts on the surrounding area. Additional conditions related to safety and security address comments by the PD and IPS.

## Options

1. Find the project exempt from CEQA under Class 3 of the CEQA Guidelines Section 15303 or other exemption and approve 2025-27 CUP, subject to the conditions included in the Resolution, or other conditions, and based on the findings included in the Resolution, or other findings to be determined by the City Council; or,
2. Find the project not exempt from CEQA and/or deny 2025-27 CUP based on the attached findings or findings to be determined by the City Council; or,
3. Continue the item to a specific date in order to obtain additional information.

## **FINANCIAL STATEMENT:**

An application fee of \$3,700 was paid with the submittal of the subject CUP. Fees are anticipated to cover the cost of staff review time and processing of the permit.

**RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:**

Balanced Budget and Economic Development

**ENVIRONMENTAL REVIEW:**

This is a project under CEQA subject to a Categorical Exemption. New Construction or Conversion of Small Structures. CCR 15303(c).

**PUBLIC NOTIFICATION:**

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

**ORDINANCE:**

Not Applicable

**EXHIBITS:**

Exhibit A – PC Resolution

Exhibit B – PC PowerPoint slides

Exhibit C – Overhead

Exhibit D – Applicant's Plans

Exhibit E – Public Hearing Notice

Exhibit F – Census Tract and Police Beat Maps

Exhibit G – Police Department Risk Assessment

Exhibit H – IPS Comments

Exhibit I – Community Meeting Information

Exhibit J – Draft Council Resolution