

Agenda Report

July 15, 2024

TO: Honorable Mayor and City Council

THROUGH: Economic Development & Technology Committee (May 21, 2024)

FROM: Planning & Community Development Department

**SUBJECT: APPROVE ZONING CODE AMENDMENTS FOR RESTAURANTS TO:
1) ALLOW WALK-UP WINDOWS BY-RIGHT; 2) CREATE AN
ADMINISTRATIVE CONDITIONAL USE PERMIT PROCESS FOR THE
ON-SITE SALE OF ALCOHOL; AND 3) ALLOW OUTDOOR DINING ON
PRIVATE PROPERTY.**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed amendments are exempt from environmental review pursuant to the guidelines of the State California Environmental Quality Act, Section 15305 (Class 5 - Minor Alterations in Land Use Limitations);
2. Adopt the Findings for the Zoning Code Amendments in Attachment A;
3. Approve the Zoning Code Amendments as outlined in this report;
4. Adopt Outdoor Dining on Private Property Design Guidelines in Attachment B; and
5. Direct the City Attorney to prepare an ordinance for the Zoning Code Amendment within 90 days consistent with the provisions set forth in the agenda report.

ECONOMIC DEVELOPMENT & TECHNOLOGY COMMITTEE RECOMMENDATION:

On May 21, 2024, the Economic Development & Technology Committee (EdTech) recommended the City Council approve the proposed Zoning Code Amendments as recommended by staff and the Planning Commission.

PLANNING COMMISSION RECOMMENDATION:

On April 24, 2024, the Planning Commission recommended the City Council approve the proposed Zoning Code Amendments as recommended by staff, with two changes:

1. Walk-up Windows – Amend Zoning Code definition of “Restaurants with Walk-up Window” to include the service of beverages, in addition to food; and
2. Outdoor Dining – Parking lot dining within 50 feet of any abutting residential use shall require the approval of a Minor Conditional Use Permit (CUP). This shall not apply to properties within the Central District Specific Plan.

The Commission also recommended that decision letters for administrative reviews, including decisions by the Director of Planning & Community Development (Director), be posted on the City’s website, for the purpose of increased transparency. Staff agrees with this recommendation and will implement it.

BACKGROUND:

During the COVID-19 pandemic, the City implemented several temporary measures to assist local restaurants and the local economy. Three of these measures were successful enough to be formally proposed for addition to the Zoning Code. These include:

- 1) Allowing walk-up windows at restaurants by-right;
- 2) Creating an Administrative CUP process for the on-site sale of alcohol at restaurants; and
- 3) Allowing outdoor dining on private property (e.g., parking lots) at restaurants.

In May 2023, staff presented these amendments to EdTech for input. EdTech was supportive of the amendments and requested staff review the design of outdoor dining areas and invite restaurant operators that obtained permits for outdoor dining to future public meetings. EdTech also requested that any proposed amendments be presented to the Planning Commission and to return to EdTech again prior to the City Council.

Staff presented these amendments to the Planning Commission at a Study Session in November 2023. Similar to EdTech, the Planning Commission was supportive, focusing its discussion primarily on the size and design aesthetic of outdoor dining areas. Staff notified everyone who had received a temporary outdoor dining permit, several of whom attended the meeting and/or provided correspondence of support. Also notified were the presidents of the Old Pasadena Management District, Playhouse Village Association, and the South Lake Business Association.

Based on feedback from EdTech and the Planning Commission, staff returned to the Planning Commission at a Public Hearing on April 24, 2024, with a formal recommendation to amend the Zoning Code. At the hearing, the Planning Commission

recommended adoption of the proposed amendments with the two recommended changes.

Staff supported these changes, along with an additional staff recommendation that the Minor CUP process for parking lot dining does not apply to properties within the South Fair Oaks Specific Plan, in addition to those in the Central District. On May 21, 2024 EdTech reviewed the final recommendations by staff and the Planning Commission and recommended approval.

ANALYSIS:

1) Walk-Up Windows at Restaurants By-right

Prior to the pandemic, restaurants (including sit-down, fast food and other eateries such as coffeehouses and ice-cream shops) that wanted to install a walk-up window required CUP approval at a public hearing before the Hearing Officer, typically a four-to-six-month process. Under the City's temporary provisions, temporary walk-up windows were approved at staff level with an over-the-counter Zoning Permit.

Staff has found in recent years the restaurant industry began trending towards including walk-up windows. This includes 'Handel's Ice Cream' in East Pasadena, whose business model is based on having walk-up windows and 'Chipotle' on East Colorado Boulevard, where a walk-up window is used for online orders. During the COVID-19 pandemic, other restaurants added walk-up windows by utilizing the by-right process established by the temporary measures. Three of the recently adopted Specific Plans, Central District, East Colorado, and South Fair Oaks, now allow walk-up windows at restaurants by-right. The Lincoln Avenue Specific Plan allows them with approval of a Minor CUP.

Given the popularity of walk-up windows as an added food service amenity that encourages pedestrian activity, staff recommends that walk-up windows at restaurants, including fast food, be allowed by-right (i.e., no CUP or Minor CUP) citywide in commercial and mixed-use zones where restaurants are allowed by-right, including the Lincoln Avenue Specific Plan area (Attachment C).

As previously noted, the Planning Commission recommended the definition of "Restaurants with Walk-up Window" to include the service of beverages, in addition to food. Staff agrees to add this clarification.

2) Administrative CUP for the On-site Sale of Alcohol at Restaurants

Prior to the pandemic, a restaurant proposing on-site alcohol sales in conjunction with food service required CUP approval at a public hearing before the Hearing Officer, typically a four-to-six-month process. Under the City's temporary provisions, restaurants requesting alcohol sales were approved at the Director level through an Administrative CUP process. Since June 2020, the City has approved, or modified, 39

Administrative CUPs, which were typically processed in two-to-four-weeks. These were for new restaurants, existing restaurants adding alcohol sales, and existing restaurants upgrading alcohol sales from Limited Alcohol (beer and wine) to Full Alcohol (beer, wine, and distilled spirits). Bars, nightclubs, and off-site alcohol sales were not eligible.

Staff has found that the Administrative CUP process has successfully worked to streamline this entitlement process and has assisted new and existing restaurateurs by reducing the processing time for these entitlements, thereby lowering one of the barriers to opening/operating a restaurant in Pasadena.

Land uses that are not restaurants, such as bars, nightclubs, or liquor stores, would continue to be processed through the CUP process requiring a public hearing. Further, the Administrative CUP process would not allow the sale of alcohol where not already allowed with a CUP.

Consistent with the current process, a decision letter with conditions of approval would continue to be distributed to the City Council, Planning Commission, and the City Council District Liaisons, as they have been since the Administrative CUP process was created. As a Director-level decision, the Administrative CUP would continue to be appealable or Called for Review by the City Council or Planning Commission, to the Board of Zoning Appeals.

3) Restaurant Outdoor Dining on Private Property

Prior to the pandemic, on-site outdoor dining at restaurants required parking at the same ratio as indoor dining. If the outdoor dining area was in a parking lot and resulted in a loss of parking spaces, the occupied parking spaces would need to be replaced plus additional parking would be required for the new outdoor dining area.

Under the City's temporary provisions for dining on private property, there was no limit on the size of outdoor dining areas or parking spaces that could be converted to outdoor dining on private property; there was also no new parking or replacement parking required. Since June 2020, the City has issued 46 outdoor dining permits, with the majority approved in the first year of the pandemic (Attachment D). Between the two categories, 29 permits were issued for parking lot dining and 17 for non-parking lot areas (e.g., plazas and courtyards). Of these, 14 remain including 13 in parking areas and one in a courtyard.

Outdoor Dining Areas: Parking/Size

Staff recommends continuing to allow outdoor dining on private property at new and existing restaurants without the need to provide or replace parking, as follows:

- Location: Parking lots and/or non-parking lot areas (e.g., courtyards and plazas).

- Size: Up to 500 square feet or 50 percent of the indoor dining areas, including any bar area, whichever is greater. The square footage that is greater than this requires new and replacement parking.

Staff finds the recommended square footages and percentages provide needed flexibility for restaurant operators and balance the need for some on-site parking. However, any outdoor dining greater than the size limits outlined above would require new and replacement parking.

For example, if the size of the indoor dining area of a restaurant is 1,200 square feet, the outdoor dining area could be as large as 600 square feet without requiring parking. If the proposed outdoor dining area is 1,000 square feet, parking would need to be provided for the additional 400 square feet. Under this scenario, no new parking or replacement parking would be required for the 600 square feet. However, the additional 400 square feet would be subject to new parking requirements and replacement parking, if existing parking is removed (see Table 1). The new and replaced parking could be provided on-site or off-site, as allowed by the Zoning Code.

Table 1: Outdoor Dining Parking Example

Restaurant Dining Area	Proposed Outdoor Dining	Outdoor Dining Beyond 50% - Requiring Parking
1,200 square feet	600 square feet	None
1,200 square feet	1,000 square feet	400 square feet

The recently adopted Specific Plans (Central District, East Colorado, Lincoln Avenue, and South Fair Oaks) currently allow up to 500 square feet of outdoor dining in non-parking lot areas without requiring additional parking. Staff recommends the Specific Plans also be updated to include parking areas consistent with what is recommended for the rest of the city, wherever restaurants are allowed.

Outdoor Dining Areas: Other Development Standards

In addition to the proposed size and parking development standards, staff also recommends several additional development standards to regulate outdoor dining areas, as follows:

- Location: Outdoor dining areas shall be located on the same site as the restaurant.
- Accessibility: Dining areas shall not obstruct vehicular traffic aisles, loading spaces, or pedestrian pathways and shall comply with all ADA requirements.
- Entertainment: Entertainment that would otherwise be allowed indoors, including amplified music, shall not be permitted in parking lot dining areas.

As previously noted, the Planning Commission recommended parking lot dining within 50 feet of any abutting residential use require the approval of a Minor CUP (with exception to properties within the Central District Specific Plan). Staff is in agreement with this recommendation. In addition, staff recommends the Minor CUP requirement

not apply to properties within the South Fair Oaks Specific Plan. Similar to the Central District, development regulations in the South Fair Oaks Specific Plan encourage mixed-use development, in an area that currently has many restaurants. Attachment D shows the locations of the Central District and South Fair Oaks Specific Plans relative to issued outdoor dining permits.

Outdoor Dining Areas: Design Guidelines

When outdoor dining areas were established during the COVID-19 pandemic, there was an immediate need to allow the activity, so City review primarily addressed health and safety requirements. As a result, styles varied by location; some installations were elaborate, while others used temporary materials. In 2022, the City Council adopted design guidelines for outdoor dining in the public right-of-way. As restaurants install new outdoor dining in the right-of-way they must adhere to the adopted guidelines.

To ensure high quality outdoor dining areas on private property, staff proposes design criteria for dining areas on private property that are visible from a public right-of-way.

Staff proposes using the same guidelines that are used for the right-of-way installations for private outdoor dining given they are recently adopted, and staff and the restaurants are familiar with the requirements. A few additional guidelines are being proposed that would be applicable, given this is occurring on private property. The proposed design criteria are included as Attachment B.

COUNCIL POLICY CONSIDERATION:

The proposed Zoning Code Amendments will support several goals and policies of the Land Use Element of the City's General Plan as follows:

- *Goal 11. Job Opportunities. Provide land use capacities that accommodate a diversity of job opportunities for Pasadena's residents.*
 - *Policy 11.1 Business Expansion and Growth. Support the growth and success of businesses that create new job opportunities and productive and satisfying employment for Pasadena residents.*
- *Goal 15. Sound Local Economy. A sound local economy which attracts investment, increases the tax base, creates employment for Pasadena residents and generates public revenues.*
 - *Policy 15.1 Local Investment. Advance local investment to support a robust and consistent resource for municipal revenues and opportunities that support community services and improvements.*
- *Goal 30. Neighborhood Villages. Lower density mixed-use clusters of residential and commercial uses developed in an integrated "village-like" environment with*

buildings clustered on common plazas and open spaces designed as communal places that are walkable from surrounding neighborhoods.

- *Policy 30.6 Pedestrian Orientation. Encourage neighborhood serving land uses to provide access to services and goods by walking or bicycle.*

The proposed amendments to the Zoning Code would modify the regulations that apply to restaurants in the City. The amendments will allow additional amenities in the form of walk-up windows and outdoor dining, by-right, amenities that many restaurants already have. Creating regulations that govern outdoor dining to include parking lot dining, will allow for the formal inclusion of parking lot dining in the Zoning Code, thereby expanding the ability of new and existing restaurants to provide an additional amenity to attract customers, which in turn provides for additional employment opportunities and local investment. The combination of facilitating walk-up windows and allowing the reuse of parking areas as dining will support Pasadena's emphasis on the pedestrian experience and the creation of an economic and social benefit where the area would otherwise be dedicated to automobile parking.

Finally, streamlining the entitlement process for alcohol sales at restaurants through an Administrative CUP process, will support new and existing restaurants by significantly reducing the application processing time for such entitlements.

ENVIRONMENTAL ANALYSIS:

The Zoning Code Amendments have been assessed in accordance with the criteria contained in the California Environmental Quality Act (CEQA) Guidelines and qualify for Categorical Exemption pursuant to Section 15305 (Class 5 – Minor Alterations in Land Use Limitations), and there are no features that distinguish this project from others in the exempt class; therefore, there are no unusual circumstances. Section 15305 exempts projects that consist of minor alterations in land use limitations. The Zoning Code Amendments would not introduce a new use that is not currently allowed.

CONCLUSION AND RECOMMENDATION:

The proposed Zoning Code Amendments would codify three pandemic-era measures for restaurants, including: 1) allowing walk-up windows at restaurants by-right; 2) creating an Administrative CUP process for the on-site sale of alcohol at restaurants; and 3) allowing outdoor dining on private property (e.g., parking lots and plazas) for restaurants. Staff recommends the City Council make the required findings and adopt the Zoning Code Amendments including the two recommendations of the Planning Commission.


FISCAL IMPACT:

There is no direct fiscal impact to the City by adopting the recommended Zoning Code Amendments.

Respectfully Submitted,


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Attachments (4):

- Attachment A – Findings for Zoning Code Amendments
- Attachment B – Proposed Outdoor Dining on Private Property Design Guidelines
- Attachment C – Specific Plan Areas and Other Commercial Zones (map)
- Attachment D – Outdoor Dining on Private Property Permits (map)