



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Planning Commission Staff Report**  
**May 12, 2025**

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**Topic:** Conditional Use Permit No. 2025-08 – Costa Azul On-Sale of Beer, Wine, and Distilled Spirits License (800 W. Seventeenth Street)

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**RECOMMENDED ACTION**

Adopt a resolution approving Conditional Use Permit No. 2025-08 as conditioned.

**EXECUTIVE SUMMARY**

German Nunez with Costa Azul 17<sup>th</sup> St, Inc. (Applicant), on behalf of Tawil Investments (Property Owner), is requesting approval of Conditional Use Permit (CUP) No. 2025-08 to allow the sale of beer, wine, and distilled spirits for on-premises consumption, through a Type 47 license from the Department of Alcoholic Beverage Control (ABC), at an existing eating establishment located at 800 W. Seventeenth Street. Pursuant to Section 41-196 of the Santa Ana Municipal Code (SAMC), establishments seeking to sell alcoholic beverages for on-premises consumption require approval of a CUP. Staff recommends approval of the request because the site is located within the Community Commercial (C1) zoning district, which is intended for such uses; the site is located along Seventeenth Street, which is developed with similar commercial uses; and the site is not adjacent to sensitive land uses such as schools/playgrounds, religious institutions, or parks. Additionally, the establishment is already licensed for on-premises consumption of beer and wine under a Type 41 license. Lastly, operational standards and proposed conditions of approval will ensure that the sale of beer, wine, and distilled spirits for on-premises consumption will not negatively affect the surrounding community.

**DISCUSSION**

**Project Description**

Costa Azul occupies a 5,390-square-foot building, which accommodates up to 167 patrons within the indoor dining area. It currently operates Monday through Sunday from 10:00 a.m. to 12:00 a.m. (midnight). The applicant is requesting to upgrade their existing beer and wine license (Type 41) to sell beer, wine, and distilled spirits (Type 47) for on-premises consumption. All alcoholic beverages will be stored and displayed at the service station and within a storage area in the kitchen. The restaurant will contain an overall alcohol storage area of 22 square feet, which is less than five percent of the gross floor area of the tenant space as allowed by Section 41-196(g)(25) of the SAMC.

The sale of alcoholic beverages for after-hours operations or live entertainment are not being requested at this time. Should the applicant seek to sell alcoholic beverages between 12:00 a.m. and 2:00 a.m., a separate CUP will be required in accordance with Section 41-196(g)(3) of the SAMC. In addition, Exhibit 1 of the staff report includes a condition requiring the applicant to submit an entertainment permit application for live and amplified music pursuant to Section 11-6 of the SAMC.

**Table 1: Project and Location Information**

Item	Information	
Project Address and Council Ward	800 W. Seventeenth Street – Ward 5	
Nearest Intersection	Seventeenth Street and Flower Street	
General Plan Designation	General Commercial (GC)	
Zoning Designation	Community Commercial (C1)	
Surrounding Land Uses	North	Retail and Medical Office
	East	Retail, Service Uses, and Medical Office
	South	Multi-Family Residential
	West	Eating Establishment
Property Size	0.753 acres (32,807 sq. ft.)	
Existing Site Development	The subject site contains an existing 5,390 sq. ft. commercial building, 52 parking spaces, and 4,566 sq. ft. of landscaped area.	
Tenant Size	5,390 sq. ft.	
Use Permissions	Allowed with a conditional use permit (CUP)	
Zoning Code Sections Affected	Uses	Section 41-196(a) of the SAMC
	Operational Standards	Section 41-196(g) of the SAMC
Census Tract and ABC License Information	Census Tract No.	751
	No. of Allowed and Existing Licenses (on-sale)	13 Allowed & 4 Existing

**Table 2: Operational Standards**

Standards	Permissible by SAMC	Provided
Eating Establishment Type	Bona-Fide	Bona-Fide
Hours of Operation for ABC Sales	7:00 a.m. to 12:00 a.m. (midnight), unless extended by a separate after-hours CUP	Monday through Sunday from 10:00 a.m. to 12:00 a.m. (midnight)
Window Display	25% of Window Coverage	Complies
Alcohol Storage and Display	5% of G.F.A.	0.4% of G.F.A.

## **Project Background**

The subject site was developed in 1979 with a 5,390-square-foot eating establishment that originally was tenanted by Sizzler. In 2006, the property underwent interior tenant improvements and applied for a certificate of occupancy to accommodate a new eating establishment, Costa Azul. Final inspections for the interior tenant improvement permits and the certificate of occupancy for Costa Azul were completed in 2007. Costa Azul, the current tenant, has continuously occupied the site since 2007.

As part of the City's American Rescue Plan (ARPA), which took place from 2021 through 2024, Costa Azul received a grant to revitalize the site and offer outdoor dining opportunities to its customers. The work approved as part of ARPA was finalized in 2021. At this time, the outdoor dining area is not included as part of this CUP request and a CUP modification will be required if the applicant seeks to serve alcohol in an outdoor dining area in the future. If this CUP request is approved, the restaurant will offer beer, wine, and distilled spirits for on-premises consumption in the indoor dining area only.

In addition to the location at 800 W. Seventeenth Street, the Applicant owns and operates a second Costa Azul restaurant located at 2401 S. Fairview Street. The Fairview Street location currently holds a Type 47 ABC license to serve beer, wine, and distilled spirits, which was approved through CUP No. 2006-05 in May 2006. The Fairview Street location does not have any open Code Enforcement cases and has operated without issues related to the Type 47 ABC license.

### **Project Analysis**

CUP requests are governed by Section 41-638 of the SAMC. CUPs may be granted when it can be shown that the proposed project will not adversely impact the community. If these findings can be made, then it is appropriate to grant the CUP. Conversely, the inability to make these findings would result in a denial. The purpose of regulating establishments that sell alcoholic beverages is to set forth operating practices and procedures and to minimize impacts to surrounding areas. Staff has reviewed the applicant's request for the sale and consumption of beer, wine, and distilled spirits and has determined the proposed CUP will not be detrimental to the health, safety, and welfare of the community.

Costa Azul provides a unique dining experience to its patrons by offering full services and a menu that is catered to families and individuals. The approval of CUP No. 2025-08 will provide an ancillary service to customers by offering a variety of beer, wine, and distilled spirits with meals. This approval will allow Costa Azul to upgrade its existing Type 41 ABC license to a Type 47 license, enabling the sale of distilled spirits alongside beer and wine for on-premises consumption. The upgrade will help the establishment remain economically viable and compete with nearby full-service establishments offering similar services. Costa Azul has been an established business in Santa Ana for nearly 20 years, and the granting of the CUP will not negatively impact any nearby sensitive land uses.

The subject site is not located within immediate proximity to any playgrounds, schools, or religious institutions. The nearest school is Frances E. Willard Intermediate School which is located approximately 800 linear feet (0.15 miles) southeast. Additionally, the nearest religious institution, Saint Peter Evangelical Lutheran Church at 1510 N. Parton Street, is located approximately 520 linear feet (0.1 miles) south. Although the property is near multi-family residences, the building Costa Azul occupies is sited along Seventeenth

Street, maintaining a 100-foot buffer from the residential units, with a parking area and a public alley providing additional separation. The project is located within the General Commercial (GC) General Plan land use designation, which supports the development and continued operation of recreational, cultural, entertainment, employment, and educational opportunities near established residential neighborhoods. This designation aligns with Costa Azul's operations and the proposed upgrade to their liquor license. In addition, operational standards applicable to an ABC license and proposed conditions of approval will mitigate potential impacts and ensure that the use will not negatively affect the surrounding community.

Lastly, the site is located in Census Tract No. 751, which allows a maximum of 13 on-premises alcohol licenses, while there are currently four active licenses per ABC. Per ABC, an "undue concentration" would occur if more than 13 on-premises licenses are within this census tract, which for this request is not applicable. For reference, staff has provided Exhibit 6 outlining the current licenses within Census Tract No. 751.

### *General Plan Consistency*

The approval of the proposed project will be consistent with the General Plan land use designation of General Commercial (GC), which allows for the development of highly visible and accessible shopping opportunities along arterial corridors. The proposed request would provide an added amenity and would promote a land use that enhances the City's economic fiscal viability and mitigates any potential impacts to the surrounding community. Furthermore, approval of this application would be consistent with several goals and policies of the General Plan, specifically Goals 1 and 2 of the Land Use ("LU") Element and Goal 3 of the Economic Prosperity ("EP") Element as discussed below.

Goal LU-1 encourages a land use plan that improves the quality of life and respects our existing community. Moreover, Policy 1.1 of the LU encourages compatibility between land uses to enhance livability and promote healthy lifestyles. As a bona-fide eating establishment with ancillary alcohol sales, Costa Azul would provide a service to Santa Ana residents and visitors, thereby improving the quality of life. Specifically, Costa Azul is dedicated to providing competitively priced, high-quality dining experiences. As such, the request to upgrade the Type 41 ABC license to a Type 47 will be compatible with the surrounding businesses as it supports the commercial environment by providing additional options and ancillary beer, wine, and distilled spirit selection.

Goal LU-2 encourages a balance of land uses that meet Santa Ana's diverse needs and Policy 2.7 supports land use decisions that encourage the creation, development, and retention of businesses in Santa Ana. The proposed use is consistent with Goal LU-2 and Policy 2.7 as it actively contributes to fostering land use decisions that promote the establishment, growth, and sustainability of business in Santa Ana. The approval of the request to upgrade to Type 47 ABC license would allow the retention of a restaurant that has been an established business within Santa Ana for nearly 20 years. Additionally, the

location of the existing restaurant will continue to provide for an added service to the dining experience for local residents and visitors of the surrounding area.

Goal EP-3 promotes a business-friendly environment where businesses thrive and build on Santa Ana's strengths and opportunities. Policy 3.8 encourages a balance of fiscal and qualitative community benefits when making land use decisions. The proposed request would be consistent with Goal EP-3 and Policy 3.8, as it provides for an added service at an existing bona-fide eating establishment and promotes a use that would provide services to the community and visitors. Moreover, the proposed use is anticipated to improve economic growth by generating additional sales tax revenue. This additional revenue would improve the financial health of the business itself and contribute to the broader economic sustainability of the City. Lastly, the sale of beer, wine, and distilled spirits for on-premises consumption at this site will provide an additional site in Santa Ana where residents and visitors can have a dining experience with ancillary beer, wine, and distilled spirit sales.

### **Police Department Analysis**

The Police Department has reviewed this request and has no concerns, as the operational standards applicable to on-premises ABC licenses will mitigate any potential impacts to the surrounding community. The Police Department reviews such applications for the sale and service of alcoholic beverages in order to ensure that the potential crime and nuisance behaviors associated with alcohol consumption are mitigated to the greatest extent possible. For on-premises licenses, the Police Department analyzes the crime rate in the area using the standards and definitions contained in the Business and Professions Code Section 23948.4(c)(2), which are also utilized by ABC. This section defines "reported crimes" as criminal homicide, forcible rape, robbery, aggravated assault, burglary, larceny theft, and motor vehicle theft, combined with all arrests for other crimes, both felonies and misdemeanors, except traffic citations.

The Police Department then compares the number of such crimes in the reporting district as compared to the number of crimes in other reporting districts. In keeping with the standard used by ABC and Business and Professions Code, should the Police Department determine that the reporting district has a 20 percent greater number of reported crimes than the average number found in all reporting districts, the Police Department will consider this information in making its recommendation.

As part of the application process, the Police Department has reviewed the applicant's request for sale of beer, wine, and distilled spirits for on-premises consumption and has no prejudicial concerns, as the operational standards applicable to the ABC license and proposed conditions of approval will mitigate the potential impacts to the surrounding community. The Police Department carefully evaluated a 500-foot radius for the site's vicinity and determined that there have been approximately 376 service calls in the project site's vicinity since March 17, 2024. Of those 376 calls, 53 resulted in reported incidents

with none taken that attributed to the location in question. The reports were a result of impounded/stored vehicles, vandalism, domestic violence, malicious mischief, and petty theft. According to the Police Department, the number of calls for service is commensurate with the 500-foot radius, and it is not anticipated that approval of the requested CUP will contribute to or exacerbate these statistics. Based on its review, the Police Department is satisfied with proposed operational standards and conditions and does not object to the granting of the CUP.

**Table 3: Police Department Analysis and Criteria for Recommendation**

<b>Police Department Analysis and Criteria for Recommendation</b>	
Police Grid No. and Rank	Police Grid No. 164; ranked 7 out of 102 Police Reporting Grids (6 <sup>th</sup> percentile).
Threshold for High Crime	This reporting district is within the 20 percent threshold established by the State for high crime.
Police Department Recommendation	<p>As part of the review approval process, this application was analyzed by the Santa Ana Police Department. Based on its review, the Police Department has no issues of concern regarding this application.</p> <p>Although the property falls within the 20-percentile high crime threshold, the proposed operations do not contribute to the overall crime of the area. The Police Department is satisfied that the operational standards applicable to the on-premise Type 47 ABC license and conclude that the conditions set forth will mitigate any potential negative impact to the surrounding community and, therefore, does not oppose the granting of a CUP.</p>

### **Public Notification and Community Outreach**

Project notifications were posted, published, and mailed in accordance with City and State regulations. Copies of the public notice, including a 1,000-foot notification radius map, and the site posting are provided in Exhibit 7. The site is located within the boundaries of the Willard neighborhood, and adjacent to the Floral Park, West Floral Park, and Washington Square neighborhoods. Notices were sent to the aforementioned neighborhood associations and their representatives were contacted to identify any areas of concern due to the proposed application request. At the time this report was printed, no issues of concern were raised regarding the proposed CUP.

### **ENVIRONMENTAL IMPACT**

In accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the project is categorically exempt from further review per Section 15301 (Class 1 – Existing Facilities) of the CEQA Guidelines. Class 1 exemption applies to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. The project proposes to allow the sale of beer, wine, and distilled spirits for on-premises consumption

at an existing bona-fide eating establishment. As such, a Notice of Exemption, Environmental Review No. 2025-26, will be filed for this project.

### **FISCAL IMPACT**

There is no fiscal impact associated with this action.

### **EXHIBITS**

1. Resolution
2. Vicinity Zoning and Aerial View
3. Site Photos
4. Site Plan
5. Floor Plan
6. Map of ABC Licenses in Project Vicinity
7. Copy of Public Notices

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